

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year
Ended June 30, 2000

GOVERNOR:
Thomas J. Vilsack

PREPARED BY:
The Iowa Department of Revenue and Finance

Iowa Splendor

by Lori A. Multen

*As the sun awakens with a sparkle for the dew,
A blossom yawns open.
Breezes race across the prairie,
Grasses dancing in turn.
Leaves rustle in song, like the tinkling of a bell.
Waters run warmer.
Time seems to slow, long and full.
As the sun serenades the growing shadows,
The soul finds peace.*

Iowa boasts 84 state parks and 99 state preserves, recognizing the need to provide Quality outdoor recreation to citizens and to preserve wildlife. As cities grow, visiting nature becomes a matter of time and availability. State parks provide the rustic environment with the convenience of man-made facilities. Though there's little land left to pioneer, man retains the need to explore, the spirit to discover.

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I N T R O D U C T O R Y



DEPARTMENT OF REVENUE AND FINANCE**GERALD D. BAIR, DIRECTOR**

December 7, 2000

**TO THE CITIZENS, GOVERNOR,
AND MEMBERS OF THE IOWA
GENERAL ASSEMBLY:**

In accordance with Iowa Code Section 421.31(5), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the State of Iowa for the fiscal year ended June 30, 2000. The Department of Revenue and Finance is responsible for both the accuracy of the presented data, and the completeness and fairness of the presentation. We believe the information presented is accurate in all material respects and the necessary disclosures have been made which enable the reader to obtain an understanding of the State's financial activity.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB).

The report is presented in three sections as follows:

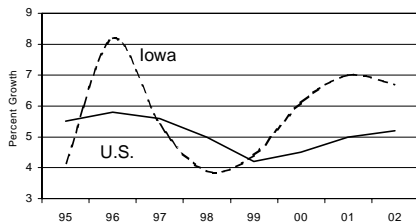
- * The **INTRODUCTORY SECTION** includes this transmittal letter, the Government Finance Officers Association (GFOA) Certificate of Achievement for the fiscal year 1999 CAFR, an organizational chart of State government, and a list of principal State officials.
- * The **FINANCIAL SECTION** contains the independent auditor's report on the financial statements, the general purpose financial statements, the combining statements, schedules of required pension disclosures, and detailed breakdowns of General Fund revenues and expenditures.
- * The **STATISTICAL SECTION** highlights selected financial and demographic information, generally presented on a multi-year basis.

This report includes all of the fund types, account groups, departments and agencies of the State, as well as boards, commissions, authorities, and universities for which the State's executive, legislative, and judicial branches are financially accountable. The criterion considered in establishing financial accountability, as set forth by the GASB include: appointing a voting majority of the organization's governing body, and either (1) the ability to impose its will on the organization or (2) the potential for the organization to provide specific financial benefits to, or impose financial burdens on the State. It also includes component units where the nature and significance of their relationship with the State are such that their exclusion would cause the financial statements to be misleading or incomplete. The reader is directed to Note 1.B in the Notes to the Financial Statements for a more complete description of the factors used to define the reporting entity.

All activities which would generally be considered part of the State of Iowa are included in this report. These activities provide a range of services including education, health and human services, transportation, agriculture and natural resources, law enforcement, public safety, economic development, legislative, judicial, and administrative services.

ECONOMIC CONDITION AND OUTLOOK

Iowa personal income growth is forecast to outpace the nation through 2002



Source: Iowa Economic Forecasting Council

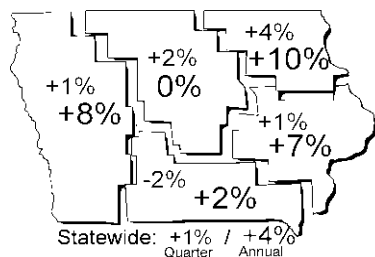
Personal Income. Iowa maintained moderate personal income growth in 1999, increasing by 4.3% after growth of 3.8% in 1998 and 5.4% in 1997. The Iowa Economic Forecasting Council's current estimate for 2000 is for personal income growth to accelerate to 7.7%. The Iowa Economic Forecasting Council also predicts that growth will rise by 6.4% in 2001 and 6.5% in 2002. In real terms (adjusting for inflation), personal income growth for 2000 is projected to be 4.9%.

In the second quarter of 2000, Iowa enjoyed the second fastest growth in personal income in the nation. Iowa's 5.8% growth trailed only Delaware among the 50 states.

In 1999, median household income in Iowa increased by 9% to \$41,238. This was above the U.S. average of \$40,816. For the year, Iowa's growth rate was the third highest among the states, trailing only Delaware and Mississippi.

Both personal and household income are buoyed by Iowa's tight labor markets. Average weekly earnings are up 5.7% for the first nine months of the year 2000 compared to 1999. Average hourly earnings are up 4.2%, and the average hours worked is up to 35 hours from last year's 34.5 hour level.

Federal Reserve Bank of Chicago
Survey of Farmland Values
Percent change in the value of "good" farmland
July 1, 2000

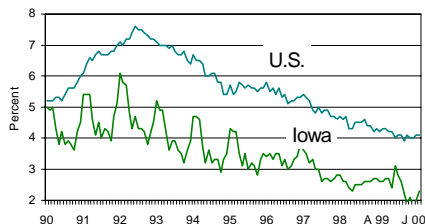


Farm income continues to be a drag on Iowa's personal income growth. Excess world capacity of agricultural commodities and reduced demand has hampered Iowa grain farmers. Net farm income has declined from \$4.1 billion in 1996 and \$3.7 billion in 1997 to \$2.2 billion in 1998 and \$1.5 billion in 1999. The Iowa Economic Forecasting Council projects that farm income will decline to \$0.9 billion in 2000 but rebound to \$1.5 billion in 2001 and \$1.6 billion in 2002.

The drop in farm income has been mitigated somewhat by federal assistance. It is notable that in 1999, direct government payments to farmers totaled \$1.9 billion, which exceeds net farm income for the year.

Farmland Values. While the soft farm economy has had an effect on land values, there are signs that conditions are improving. The Federal Reserve Bank of Chicago's July 2000 survey of area bankers estimates that Iowa farmland values increased by 4% over the previous year. The 1999 survey had shown a 3% decline in values compared to 1998.

Iowa's jobless rate well below U.S. rate



Source: Iowa Workforce Development

Employment. Iowa continues to have one of the lowest average unemployment rates in the nation. The state's seasonally adjusted unemployment rate in September 2000 was 2.3%. Iowa's unemployment rate has been at or below 3% for three full years. The September level of unemployment, with 36,200 unemployed, was 2,100 lower than the previous year.

Throughout most of the decade, Iowa's unemployment rate has been about two percentage points below the national average. The U.S. unemployment rate in September 2000 was 3.9%.

In September 2000, the number of Iowans employed had grown by 27,200 from the previous year, to 1,536,300. The Iowa Economic Forecasting Council projects that non-farm employment will grow

by 2.0% in the year 2000, and an additional 1.0% in 2001. DRI Standard and Poor's projects that the State's employment growth will be 1.5% in 2000 and 0.8% in 2001, ranking Iowa 38th and 40th in the nation in growth respectively.

Iowa has a greater percentage of its labor force employed compared to the nation as a whole and also has a larger percentage of its population actively participating in the labor force. Combined with population growth that has lagged behind that of all of its neighboring states, it is evident that worker shortage issues are a key concern for future State economic growth.

Exports. The rise in exporting industries has been an important factor in Iowa economic growth during the 1990's. Growth in exports of industrial machinery, instruments and measurement devices, electronics, specialized transportation equipment, chemicals and pharmaceuticals, and processed food products have helped diversify Iowa's economy. When combined with traditional farm commodities and livestock, total exports from Iowa increased by 22%, 11% and 13% in the years 1995 through 1997.

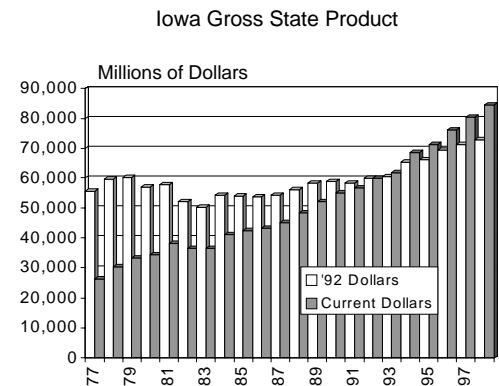
A variety of factors led to declines of 3% and 16% in 1998 and 1999. A general weakness in the economies of the Pacific Rim nations significantly reduced trade opportunities. At the same time, strong harvests worldwide led to an oversupply of agricultural commodities. The strong U.S. dollar also made it harder for U.S. products to be competitive in international markets.

There are indications that the negative trend on exports may be turning. In the first six months of year, exports to all countries are up 13%. Exports to our three largest trading partners (Canada, Japan, and Mexico) are up 13.8% compared to the previous year. More than half of Iowa's exports go to these three countries.

Gross State Product. In 1998, Iowa's gross state product was \$84.6 billion, which reflected 3.7% growth over the previous year. The gross state product is the U.S. Commerce Department's measure of the value of all goods and services produced in the state each year. The nation's gross domestic product (\$8.7 trillion) grew by 6.1% between 1997 and 1998.

Residential Construction Permits. Housing construction is generally keeping pace with last year's levels. For the first nine months of the year, the value of Iowa housing permits issued by all local communities was up 2%, but growth has been shrinking throughout the year. This likely reflects the impact from higher interest rates brought about by increases in the Federal Reserve Board's federal funds rate.

There continues to be strong growth in housing construction in many of Iowa's larger communities. Among cities, double digit growth for the first nine months of the year have been registered by (among others) Cedar Falls (53% increase), Cedar Rapids (20% increase), Council Bluffs (132% increase), Iowa City (35% increase), and Urbandale (38% increase).



Growth is not uniform, even within a metropolitan area. Among the cities experiencing a decline in housing permits for the first nine months of the year are Ankeny (9% decrease), Coralville (16% decrease), Des Moines (3% decrease), Johnston (20% decrease), Marion (30% decrease), and West Des Moines (20% decrease).

MAJOR INITIATIVES AND ISSUES

Class Size Reduction and Intervention. During fiscal year 2000, \$10 million was appropriated to local school districts to reduce class sizes in kindergarten through the third grade, with the goal of achieving average class sizes of 17 students per teacher. This flexible initiative also allows school districts to use funding to support other proven methods to improve reading and other basic skills for elementary school students. The funding for this initiative will grow to \$20 million in fiscal year 2001.

Local Early Childhood Initiatives. Early learning is critical to success in school, and Iowa's community empowerment initiative allows local governments and service providers a flexible method to tailor local services to meet local needs. Originally funded in fiscal year 1999 at \$5.2 million, the level of funding increased to \$10.4 million in 2000. In fiscal year 2001, the funding will total \$15.6 million. The additional funding is targeted at children from birth to age 5 and to parent education initiatives.

School Infrastructure Fund. To assist local school districts with the construction and renovation of facilities, a School Infrastructure Fund was established. The fund will be financed through the issuance of bonds by the State Treasurer, and the bonds will be repaid from gaming receipts. The fund will provide grants totaling \$50 million over a three-year period beginning July 1, 2000. Each grant is limited to \$1 million and requires a local match. The legislation creating the Fund also requires that the grants be spread among various sizes of school districts.

Tobacco Settlement Funding for Health Initiatives. During the 2000 legislative session, the State's share of on-going payments from the Master Settlement Agreement between the states and the major tobacco companies was appropriated for a variety of health-related services. A total of \$55 million was allocated for increasing access to health care services (\$20.9 million), services for persons with special needs (\$5.6 million), smoking cessation and public health initiatives (\$12.1 million), and substance abuse treatment and prevention (\$12.5 million). The remaining \$3.8 million was put into a savings account to deal with fluctuations in future tobacco settlement payments.

Clean Water Initiative. To help ensure safe drinking water and clean lakes, rivers and streams, \$11 million was appropriated from gaming receipts beginning July 1, 2000. The initiative will restore and construct wetlands to reduce nutrient flow into rivers and streams, expand water quality monitoring, and encourage land owners to implement buffer strips.

Vision Iowa Fund. To enhance local recreational, cultural and entertainment opportunities, a Vision Iowa Fund was established. The Fund will provide grants or loans to communities to assist with construction of new facilities. The fund will be financed through the issuance of bonds by the State Treasurer, and the bonds will be repaid from gaming receipts over a twenty year period. It is envisioned that the Fund will provide approximately \$180 to \$200 million for local projects.

Community Attraction and Tourism Development Fund. Iowa's quality of life is augmented by an abundance of natural resources, community attractions, and events. To help advance and sustain those opportunities, a \$12.5 million fund was established during the 1999 legislative session, and the fund was extended for an additional 5 years in the 2000 session. The fund will assist local communities in the development and creation of multiple purpose attraction and tourism facilities.

Technology Initiatives. Iowa has embarked on a course to provide its citizens with access, primarily through the Internet, to all governmental services and information, 24 hours a day, 7 days a week, from anywhere in Iowa. The focal point for this effort has been the lowAccess Network. The purpose of the lowAccess Network is to provide a single gateway to all State information. This official web-presence for the State will provide several subject categories, directing different audiences or user groups to the State resources they need.

On September 23, 1999, the lowAccess project team was the recipient of Vice President Gore's prestigious Hammer Award, which is given to teams of government employees and their private sector partners who help improve the government process to work better, cost less, and produce results Americans care about.

During the last legislative session, the Information Technology Department was created. The Department will establish uniform standards for technology development and utilization throughout State government. The Department has established a return on investment assessment tool that is used to rank technology projects for funding. A pooled technology account was created in fiscal year 2000, and \$9.9 million of the \$15.9 million in the account was allocated to projects based on the return on investment approach.

Budgeting for Results. In 1998, the Council of State Governments recognized Budgeting for Results as a best practice. Using Budgeting for Results, State agencies define desired program results, measure how well they are doing in achieving those results, and take action to improve the program results. Program results measures become tools for decision makers to use when making resource allocation decisions. All State agencies presented their FY 2001 budget requests using this method, and it is expected that additional efforts will focus on better integrating Budgeting for Results into the State's computerized budget system.

FINANCIAL INFORMATION

Budgetary Controls and Accounting Systems. The current version of the statewide accounting system was implemented during fiscal year 2000. As a part of the system upgrade, the implementation team performed a comprehensive review of the adequacy of internal controls and budgetary controls of the system. The team determined that internal controls continue to be in place to provide reasonable, but not absolute, assurance that assets are safeguarded against unauthorized use or disposition, and that financial records from all appropriate sources are reliable for preparing financial statements and maintaining accountability. The concept of reasonable assurance recognizes the cost of internal controls should not exceed the benefits likely to be derived from their use. To monitor the adequacy of internal controls, the Auditor of State's Office reviews internal control procedures as an integral part of departmental audits.

Budgetary controls are incorporated into the various State accounting systems. The annual budget of the State is established through separate appropriations to individual departments for specific purposes, special outlays and/or operating expenditures.

All claims presented for payment must be certified by the appropriate department that the expenditure is for a purpose intended by law and a sufficient unexpended appropriation balance is available for the expenditure. The automated statewide accounting system also performs various edits to assure appropriation authorizations are not exceeded. In addition to these centralized controls, each department director is required by statute to maintain expenditures within appropriated limits. For programs supported totally or in part with federal or other funds, expenditures can not exceed the sum of appropriations and additional dedicated revenue that is received. If dedicated revenue is not received as expected, expenditures must be reduced in a like manner.

Extensive use is made of on-line tables and reports, updated on a daily basis, to provide detailed and management level reports to State departments, budget authorities, and the State Legislature. Detailed monthly reports are prepared to assure expenditures are being executed according to plan, deviations are identified and budget or spending modifications are made on a continuing basis.

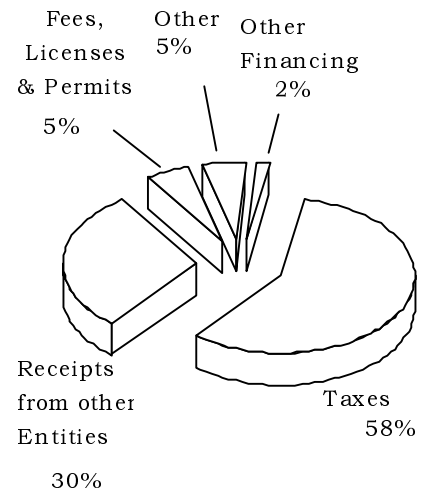
Financial Statement Presentation. The State's financial statements are prepared in accordance with GAAP. The Governmental funds and Expendable Trust funds are presented on the modified accrual basis of accounting, whereby, revenues are recognized when measurable and available, and expenditures are recognized when goods or services are received and the related liabilities are incurred. The Proprietary, Nonexpendable Trust, and Pension Trust funds are presented on the accrual basis of accounting with all revenues and expenses recognized when the transactions occur, regardless of when related cash is received or disbursed. The financial statements of the University funds are reported in conformity with GAAP.

General Government Functions. Most State operations are accounted for through Governmental fund types: General, Special Revenue, and Capital Projects.

Governmental Revenues And Other Financing Sources totaled \$8,932.0 million for fiscal year 2000. Receipts From Other Entities had the largest increase of \$334.2 million, a 14.5% increase over the previous year, while Refunds & Reimbursements increased by \$83.3 million, a 47.3% increase over the previous year. The revenues from various sources, and the change from the previous year are shown in the following schedule (amounts in thousands):

Governmental Revenues and Other Financing Sources			Increase (Decrease) Over 1999 Actual	
	2000	1999	Amount	Percent
Taxes (Net)	\$ 5,203,614	\$ 4,883,409	\$ 320,205	6.6%
Receipts From Other Entities	2,638,996	2,304,812	334,184	14.5
Fees, Licenses & Permits (Net)	463,909	446,848	17,061	3.8
Subtotal	8,306,519	7,635,069	671,450	8.8
Other:				
Refunds & Reimbursements	259,611	176,285	83,326	47.3
Investment Income	84,798	89,797	(4,999)	(5.6)
Miscellaneous	104,369	78,233	26,136	33.4
Sales, Rents & Services	17,764	15,924	1,840	11.6
Subtotal	466,542	360,239	106,303	29.5
Total Revenues	8,773,061	7,995,308	777,753	9.7
Other Financing Sources	158,896	143,067	15,829	11.1
Total Revenues And Other Financing Sources	\$ 8,931,957	\$ 8,138,375	\$ 793,582	9.8

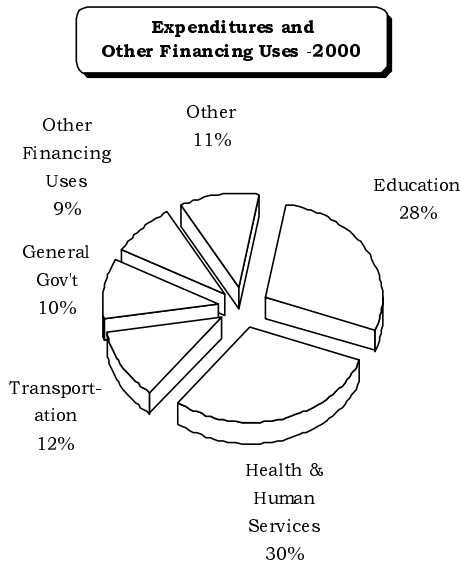
Governmental Revenues and Other Financing Sources - 2000



(Changes in revenues were highlighted by):

- * Receipts From Other Entities increased by \$334.2 million due primarily to an increase in federal support of \$310.8 million. The major increases of federal support were \$195.4 million in Transportation, \$95.6 million in Health and Human Services grants, and \$34.9 million in Education.
- * Refunds & Reimbursements increased by \$83.3 million due primarily to \$71.2 million in Tobacco Settlement receipts in fiscal year 2000.

Governmental Expenditures And Other Financing Uses totaled \$8,894.1 million for fiscal year 2000. Transportation had the largest increase of \$214.5 million, a 25.0% increase over the previous year, while Health & Human Services experienced an increase of \$171.6 million which was a 6.9% increase over the previous year. Changes in expenditures from fiscal year 1999 levels are presented in the following schedule (amounts in thousands):



Governmental Expenditures and Other Financing Uses			Increase (Decrease) Over 1999 Actual	
	2000	1999	Amount	Percent
Health & Human Services	\$ 2,658,728	\$ 2,487,124	\$ 171,604	6.9%
Education	2,476,234	2,320,096	156,138	6.7
Transportation	1,071,919	857,384	214,535	25.0
General Government	<u>917,029</u>	<u>861,601</u>	<u>55,428</u>	6.4
Subtotal	<u>7,123,910</u>	<u>6,526,205</u>	<u>597,705</u>	9.2
Other:				
Law, Justice & Public Safety	604,067	559,546	44,521	8.0
Economic/Manpower Development	183,675	172,962	10,713	6.2
Agriculture & Natural Resources	144,150	129,541	14,609	11.3
Capital Outlay	34,499	31,082	3,417	11.0
Regulation Of Business	<u>26,326</u>	<u>28,186</u>	<u>(1,860)</u>	(6.6)
Subtotal	<u>992,717</u>	<u>921,317</u>	<u>71,400</u>	7.7
Total Expenditures	8,116,627	7,447,522	669,105	9.0
Other Financing Uses	<u>777,439</u>	<u>756,848</u>	<u>20,591</u>	2.7
Total Expenditures And Other Financing Uses	<u>\$ 8,894,066</u>	<u>\$ 8,204,370</u>	<u>\$ 689,696</u>	8.4

(Changes in expenditures were highlighted by):

- * Transportation expenditures increased by \$214.5 million (25.0%). The major increases were \$192.0 million in Plant Improvements and \$10.6 million in Personal Services.
- * Health & Human Services expenditures increased by \$171.6 million due primarily to increases of \$120.8 million in State Aid, \$29.1 million in Contractual Services, and \$20.8 million in Personal Services.
- * Education expenditures increased by \$156.1 million due primarily to an increase of \$154.4 million in State Aid.

General Fund Balance. GAAP-basis fund balances for the General Fund at June 30 (expressed in thousands) for the past four fiscal years were:

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Reserved	\$ 1,041,449	\$ 938,203	\$ 765,227	\$ 730,427
Unreserved	<u>711,419</u>	<u>781,602</u>	<u>895,926</u>	<u>815,935</u>
Total General Fund	<u>\$ 1,752,868</u>	<u>\$ 1,719,805</u>	<u>\$ 1,661,153</u>	<u>\$ 1,546,362</u>

The reserved portion of the General Fund balance represents amounts legally required to be segregated and cannot be appropriated for general operating expenditures. The unreserved portion of the General Fund balance is determined as total General Fund balance less reserved amounts. Further detail on fund balances reserved for specific purposes can be found in Note 15 of the Notes to the Financial Statements.

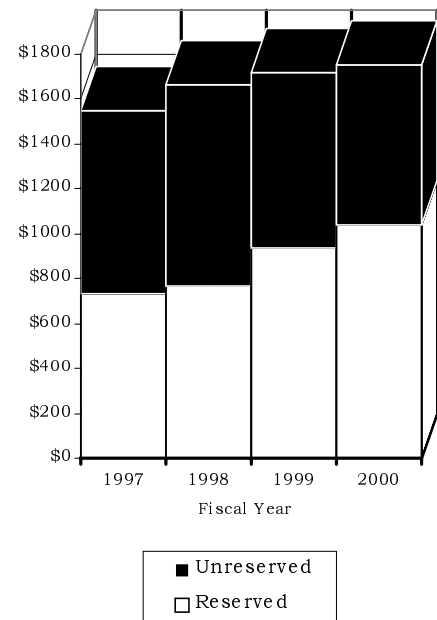
The Unreserved Fund Balance of the General Fund decreased from \$781.6 million at June 30, 1999, to \$711.4 million at June 30, 2000. This represents a decrease of \$70.2 million, or 9.0%.

The fund balance of the General Fund totaled \$1,752.9 million as of June 30, 2000, an increase of \$33.1 million, or 1.9%, from the previous fiscal year end balance.

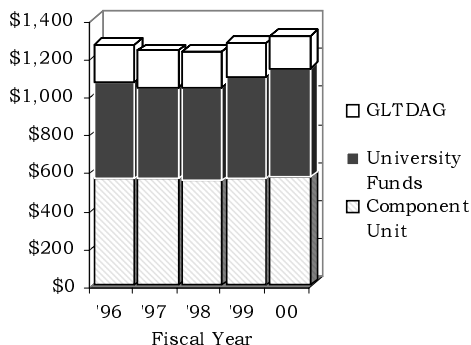
Enterprise Funds. The State's enterprise operations are comprised of a number of separate and distinct activities, including the Iowa Lottery, the Iowa Communications Network, the Iowa State Prison Industries, and the Underground Storage Tank Programs. Combined operating revenues for the State's Enterprise funds increased from \$327.8 million in Fiscal Year 1999 to \$334.0 million in Fiscal Year 2000. The combined operating expenses decreased from \$277.9 million to \$271.8 million during the same period. The increase in revenues is due to the expanding capacity of the Iowa Communications Network (ICN) and increased activity of the Iowa Lottery. The decrease in operating expense is primarily due to a decrease in direct expense of the ICN.

Internal Service Funds. The Internal Service funds account for the financing of goods or services provided by one department or agency to other agencies of the State. The principal internal service operations provide energy saving capital improvements, acquisition and replacement of State vehicles, materials and equipment for Department of Transportation operations, and insurance operations for the State. Combined operating revenues decreased from \$286.7 million in Fiscal Year 1999 to \$250.9 million in Fiscal Year 2000. Combined operating expenses decreased from \$300.4 million to \$244.7 million during the same period.

**General Fund Balance
GAAP-Basis
(Amounts in Millions)**



**OUTSTANDING REVENUE BONDED DEBT
ALL REPORTING ENTITY COMPONENTS**
(Amounts in Millions)



The decrease in revenues and expenses is primarily due to the elimination of the Centralized Purchasing Revolving fund as of the year ended June 30, 1999.

Pension Trust Funds. The latest actuarial valuations of the separately funded and independent pension plans disclose the following information: the Iowa Public Employees Retirement System (IPERS) has an Unfunded Actuarial Accrued Liability (UAAL) of \$326.5 million which represents a funding ratio of 97.74%, the Peace Officers' Accident and Disability System (PORS) has an UAAL of \$1.2 million which represents a funded ratio of 99.49%; and the Judicial Retirement System (JRS) has a UAAL of \$10.4 million which represents a funded ratio of 87.36%. Schedules of Funding Progress for PORS and JRS are presented in the Required Supplemental Information Section. The funding policies of the Pension Trust funds are discussed in detail in the Notes to the Financial Statements (NOTE 18 - PENSION PLANS).

Debt Administration. The Constitution of the State of Iowa prohibits the State from exceeding a maximum of \$250 thousand in general obligation debt without voter approval. However, State law authorizes the issuance of Tax and Revenue Anticipation Notes (TRANS), provided that the total issuance does not exceed anticipated revenue receipts for the fiscal year and that the total issuance mature during the fiscal year. Once again, it was not necessary for the State to issue TRANS.

Revenue bonds issued by various authorities of the State totaled \$1313.1 million outstanding at fiscal year-end. This amount consisted of \$567.5 million of component unit – proprietary funds revenue bonds (housing and higher education), \$573.1 million in revenue bonds issued by the three State universities (for facilities), and \$87.9 million and \$84.5 million in various bonds issued by the Iowa Finance Authority for the Underground Storage Tank Program and the Department of Corrections, respectively. Such bonds are backed by the revenues of the issuing project or authority.

Certificates of Participation (COPS), issued by the State and outstanding at fiscal year-end, amounted to \$80.3 million. COPS represent an ownership interest of the certificate holder in a lease purchase agreement. Other financing arrangements payable, excluding COPS, totaled \$9.2 million at June 30, 2000.

State agencies, including the universities, have also entered into capital leases and installment purchase agreements for various purposes. Total long-term capital leases and installment purchases outstanding on June 30, 2000, was \$48.5 million.

Cash Management. The cash management function is the responsibility of the State Treasurer. Funds of State agencies, which are temporarily available for investment, are pooled together and invested in certificates of deposit, U.S. Treasury bills and notes, U.S. Government Agency and instrumentality obligations, repurchase agreements, and corporate debt instruments as allowed

by law and the Treasurer's investment policy. The three goals of the investment policy, in order of importance, are: 1) safety of funds; 2) liquidity; and 3) return. A custodial bank is utilized to safekeep investments and to provide payment and collection services for investment transactions. All investment transactions occur on a payment versus delivery basis. It is the policy of the Treasurer's Office that all deposits under its control are insured or collateralized in accordance with Chapter 12C of the Iowa Code.

Presented below is comparative data for the State's investment pool for the last four fiscal years. Interest Earnings do not include any unrealized gains or losses on investments. The Annual Rates of Return shown are calculated by dividing Interest Earnings by the Pool Average Daily Investment Balance. The amounts below are expressed in thousands:

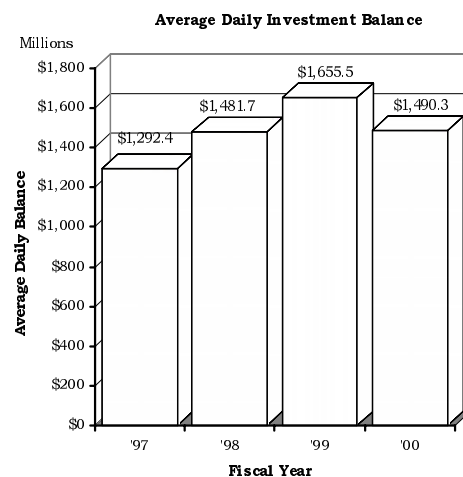
	<u>FY 00</u>	<u>FY 99</u>	<u>FY 98</u>	<u>FY 97</u>
Interest Earnings*	\$87,224	\$93,600	\$89,687	\$76,051
Average Daily Investment Balance	\$1,490,267	\$1,655,485	\$1,481,684	\$1,292,371
Annual Rate of Return	5.85%	5.65%	6.05%	5.88%

* Safekeeping and banking expenses have been deducted from Interest Earnings

Risk Management. It is the policy of the State not to purchase commercial insurance, with the exception of limited third-party coverage for specific potential losses, for the risks of losses to which it is exposed. Instead, the State's management believes that it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service funds or to pay claims from the General Fund. The State is self-insured for risks related to property and casualty, workers' compensation, and general liability. For further information refer to the Notes to the Financial Statements (NOTE 25 – RISK MANAGEMENT).

OTHER INFORMATION

Independent Audit. The Auditor of State is required by Chapter 11 of the Code of Iowa to audit annually all departments of the State. The accompanying general purpose financial statements of the State of Iowa have been audited by the Auditor of State in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. His report appears elsewhere herein.



In addition, the Auditor of State conducts a single audit under the requirements set forth in the Single Audit Act of 1982, the Single Audit Amendments of 1996, and OMB Circular A 133, Audits of States, Local Governments and Non-Profit Organizations. This report is issued separately.

Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the State of Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the seventh consecutive year the State of Iowa has received this award. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA. We are committed to continue this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

Acknowledgment. The preparation of this report on a timely basis requires the collective efforts of numerous finance personnel throughout the State and is made possible only with the cooperation and support of the Executive, Legislative, and Judicial branch agencies, universities, and component units of the State.

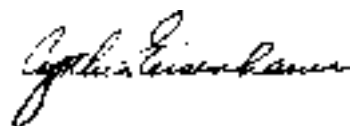
The report could not have been accomplished without the professionalism and dedication of the staff in the Department of Management, the Accounting Bureau within Revenue and Finance, the Auditor of State's Office, and the financial and management personnel throughout State government.

This report issued for the twelfth consecutive year, continues our commitment to the citizens of the State of Iowa, the Governor, the Legislature, and the financial community, to maintain our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,



Gerald D. Blair, Director
Department of Revenue
and Finance



Cynthia P. Eisenhower, Director
Department of Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

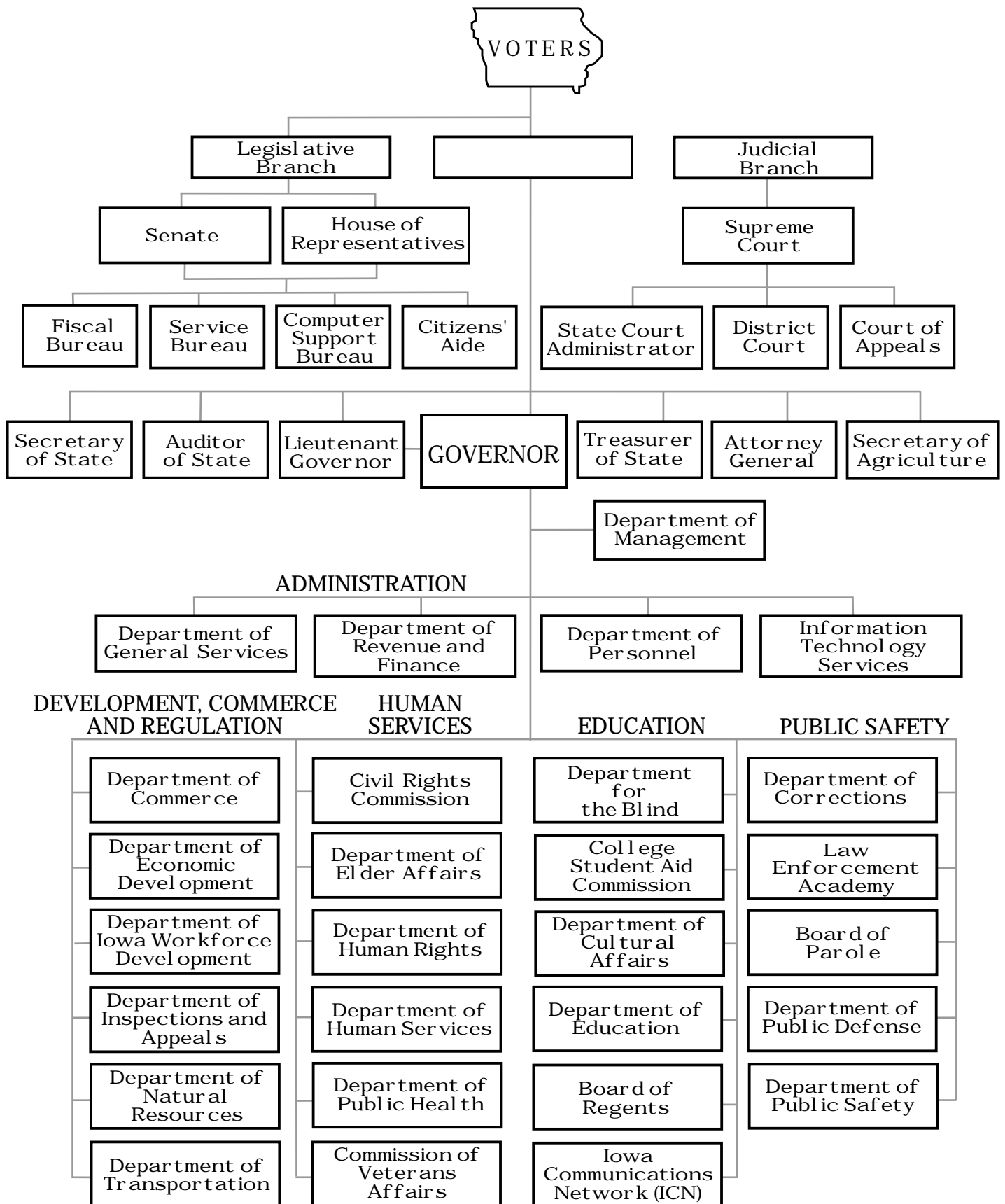
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director

IOWA ORGANIZATION STRUCTURE



PRINCIPAL OFFICIALS

Elected Officials

GOVERNOR - Thomas J. Vilsack
LIEUTENANT GOVERNOR - Sally J. Pederson
SECRETARY OF STATE - Chester J. Culver
AUDITOR OF STATE - Richard D. Johnson
TREASURER OF STATE - Michael L. Fitzgerald
SECRETARY OF AGRICULTURE - Patty J. Judge
ATTORNEY GENERAL - Thomas J. Miller

Legislative Branch

PRESIDENT OF THE SENATE - Mary E. Kramer
SPEAKER OF THE
HOUSE OF REPRESENTATIVES - Brent Siegrist

Judicial Branch

CHIEF JUSTICE OF
THE SUPREME COURT - Arthur A. McGiverin
(retired November 10, 2000)

CHIEF JUSTICE OF
THE SUPREME COURT - Louis A. Lavorato

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F I N A N C I A L



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004
Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Governor and Members of the General Assembly:

We have audited the accompanying general purpose financial statements, listed in the table of contents of this report, of the State of Iowa as of and for the year ended June 30, 2000. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units, which statements reflect 95% of assets and 76% of revenues of the discretely presented component units. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for these discretely presented component units is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the Iowa Public Television Foundation and the Iowa Finance Authority, component units of the State of Iowa, were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

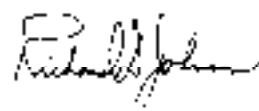
In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Iowa at June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units, for the year then ended in conformity with generally accepted accounting principles.

For the year ended June 30, 2000, appropriations of \$48,654,200 were made from the Rebuild Iowa Infrastructure Fund for items which are inconsistent with the fund's legislatively established purpose that it be used for public vertical infrastructure-related expenditures and completion of Part III of the Iowa Communications Network. These items included, but were not limited to, assistance payments and development and improvement of technology systems used by various state agencies and community colleges. Expenditures for these items during the year ended June 30, 2000 totaled \$44,229,079, of which \$3,241,306 was funded from previous years' appropriations from the Rebuild Iowa Infrastructure Fund. These items have been reported as expenditures in the General Fund in the accompanying financial statements, except for the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual - Budgetary Basis, General Fund and Special Revenue Funds.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules required supplemental information and supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the statistical section and, accordingly, express no opinion thereon.

In accordance with Government Auditing Standards, our report on the State of Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants will be issued under separate cover in the Single Audit Report.



Richard D. Johnson, CPA
Auditor of State

December 7, 2008

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**GENERAL PURPOSE
FINANCIAL STATEMENTS**

STATE OF IOWA

Combined Balance Sheet All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 2000
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
ASSETS AND OTHER DEBITS					
Cash & Investments (Note 2)	\$ 1,239,134	\$ 12,033	\$ 9,999	\$ 59,603	\$ 38,464
Deposits With Trustees (Note 2)	4,328	-	2,500	22,728	-
Accounts Receivable (Net)(Note 4)	928,559	786	783	7,863	2,950
Interest Receivable	-	-	1	111	7
Notes Receivable (Net)	-	-	-	-	-
Loans Receivable (Net)	122,304	-	-	-	-
Benefit Overpayment Receivable (Net)	-	-	-	-	-
Due From Other Funds/Advances					
To Other Funds (Note 5)	27,570	1,950	3,305	3,237	38,540
Due From Component Units (Note 5)	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Fixed Assets (Net) (Note 6)	-	-	-	82,642	92,008
Inventory	9,619	-	-	12,846	11,039
Food Stamp Inventory	34,911	-	-	-	-
Prepaid Expenditures/Expenses	12,318	-	-	2,077	3,168
Other Assets	-	-	-	1,311	-
Investment In Prize Annuity (Note 7)	-	-	-	63,889	-
Prize Deposit	-	-	-	6,031	-
Equity In Wholly Owned Subsidiary	-	-	-	-	-
Amount To Be Provided For Retirement	-	-	-	-	-
Of General Long-Term Debt	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 2,378,743</u>	<u>\$ 14,769</u>	<u>\$ 16,588</u>	<u>\$ 262,338</u>	<u>\$ 186,176</u>
LIABILITIES					
Accounts Payable & Accruals	\$ 474,364	\$ 414	\$ 3,295	\$ 18,512	\$ 36,808
Due To Other Funds/Advances From Other Funds (Note 5)	75,190	590	515	3,209	1,607
Due To Component Units (Note 5)	-	-	-	-	-
Interest Payable	-	-	-	2,342	-
Deferred Revenue	76,321	-	-	1,137	6,094
Compensated Absences (Note 1)	-	-	-	1,246	643
Capital Leases (Note 9)	-	-	-	23	-
Bonds Payable (Note 12)	-	-	-	-	-
Other Financing Arrangements Payable (Note 11)	-	-	-	75,730	-
Annuities Payable (Note 7)	-	-	-	64,019	-
Lottery Prizes Payable	-	-	-	9,491	-
Funds Held In Custody	-	-	-	175	-
Lease Obligation From Discontinued					
Operations (Note 13)	-	-	-	95	-
Installment Purchases (Note 10)	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
TOTAL LIABILITIES	<u>625,875</u>	<u>1,004</u>	<u>3,810</u>	<u>175,979</u>	<u>45,152</u>
FUND EQUITY AND OTHER CREDITS					
Contributed Capital	-	-	-	69,840	-
Retained Earnings	-	-	-	16,519	141,024
Fund Balances:					
Reserve For:					
Encumbrances & Contracts	24,371	-	-	-	-
Inventory & Prepaid Expenditures	21,937	-	-	-	-
Noncurrent Receivables	143,699	-	-	-	-
Debt Service	-	-	-	-	-
Employees' Pension Benefit	-	-	-	-	-
Specific Purposes	851,442	-	2,487	-	-
Unreserved Fund Equity	711,419	13,765	10,291	-	-
Net Investment In Plant	-	-	-	-	-
Investment In General Fixed Assets	-	-	-	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	<u>1,752,868</u>	<u>13,765</u>	<u>12,778</u>	<u>86,359</u>	<u>141,024</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 2,378,743</u>	<u>\$ 14,769</u>	<u>\$ 16,588</u>	<u>\$ 262,338</u>	<u>\$ 186,176</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUPS		UNIVERSITY FUNDS	TOTAL (MEMORANDUM ONLY)	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		PRIMARY GOVERNMENT		REPORTING ENTITY
\$ 19,685,173	\$ -	\$ -	\$ 1,129,938	\$ 22,174,344	\$ 658,285	\$ 22,832,629
-	-	-	31,172	60,728	-	60,728
400,232	-	-	218,067	1,559,240	496	1,559,736
43,158	-	-	10,203	53,480	7,062	60,542
42	-	-	70,215	70,257	170	70,427
-	-	-	-	122,304	265,467	387,771
16,160	-	-	-	16,160	-	16,160
37,843	-	-	1,085	113,530	-	113,530
-	-	-	-	-	1,095	1,095
-	-	-	539	539	-	539
4,686	1,189,569	-	3,311,607	4,680,512	31,165	4,711,677
288	-	-	41,592	75,384	111	75,495
-	-	-	-	34,911	-	34,911
14	-	-	11,875	29,452	106	29,558
-	-	-	-	1,311	205	1,516
-	-	-	-	63,889	-	63,889
-	-	-	-	6,031	-	6,031
-	-	-	12,521	12,521	-	12,521
-	-	362,395	-	362,395	-	362,395
\$ 20,187,596	\$ 1,189,569	\$ 362,395	\$ 4,838,814	\$ 29,436,988	\$ 964,162	\$ 30,401,150
\$ 1,702,437	\$ -	\$ -	\$ 187,505	\$ 2,423,335	\$ 14,603	\$ 2,437,938
31,334	-	-	1,085	113,530	-	113,530
-	-	-	-	-	1,095	1,095
-	-	-	20,406	22,748	9,336	32,084
1,597	-	-	22,057	107,206	5,876	113,082
-	-	102,568	107,960	212,417	224	212,641
-	-	3,384	44,500	47,907	-	47,907
-	-	172,420	573,149	745,569	567,538	1,313,107
-	-	7,039	6,853	89,622	-	89,622
-	-	-	-	64,019	-	64,019
-	-	-	-	9,491	-	9,491
67,057	-	-	75,161	142,393	-	142,393
-	-	-	-	95	-	95
-	-	623	-	623	-	623
-	-	76,361	-	76,361	-	76,361
-	-	-	37,261	37,261	-	37,261
1,802,425	-	362,395	1,075,937	4,092,577	598,672	4,691,249
-	-	-	-	69,840	30,245	100,085
-	-	-	-	157,543	323,095	480,638
-	-	-	142,535	166,906	-	166,906
302	-	-	40,691	62,930	114	63,044
1,366	-	-	-	145,065	-	145,065
-	-	-	22,333	22,333	-	22,333
17,451,448	-	-	-	17,451,448	-	17,451,448
40,843	-	-	719,203	1,613,975	7,445	1,621,420
891,212	-	-	40,822	1,667,509	4,591	1,672,100
-	-	-	2,797,293	2,797,293	-	2,797,293
-	1,189,569	-	-	1,189,569	-	1,189,569
18,385,171	1,189,569	-	3,762,877	25,344,411	365,490	25,709,901
\$ 20,187,596	\$ 1,189,569	\$ 362,395	\$ 4,838,814	\$ 29,436,988	\$ 964,162	\$ 30,401,150

STATE OF IOWA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units

For the Year Ended June 30, 2000
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
REVENUES:			
Taxes	\$ 5,725,416	\$ -	\$ -
Receipts From Other Entities	2,633,204	4,358	1,434
Investment Income	83,324	757	717
Fees, Licenses & Permits	527,637	50	-
Refunds & Reimbursements	255,490	1,392	2,729
Sales, Rents & Services	17,764	-	-
Miscellaneous	104,125	244	-
Centralized Payroll	-	-	-
GROSS REVENUES	9,346,960	6,801	4,880
Less Revenue Refunds	585,508	72	-
NET REVENUES	8,761,452	6,729	4,880
EXPENDITURES:			
Current:			
General Government	916,979	50	-
Education	2,476,055	179	-
Health & Human Services	2,652,313	6,415	-
Transportation	1,071,919	-	-
Law, Justice & Public Safety	593,505	1,714	8,848
Economic/Manpower Development	183,675	-	-
Regulation Of Business	26,326	-	-
Agriculture & Natural Resources	137,305	-	6,845
Capital Outlay:			
General Government	-	-	21,602
Transportation	-	-	848
Law, Justice & Public Safety	-	-	260
Agriculture & Natural Resources	-	-	11,789
TOTAL EXPENDITURES	8,058,077	8,358	50,192
REVENUES OVER (UNDER) EXPENDITURES	703,375	(1,629)	(45,312)
OTHER FINANCING SOURCES (USES):			
Operating Transfers:			
Transfers In	101,259	6,988	49,525
Transfers Out	(63,641)	(504)	(4,240)
Transfers To Universities	(709,054)	-	-
Transfers To Primary Government	-	-	-
Capital Leases & Installment Purchases	1,124	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(670,312)	6,484	45,285
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	33,063	4,855	(27)
FUND BALANCE JULY 1	1,719,805	8,910	12,805
Residual Equity Transfer Out	-	-	-
FUND BALANCE JUNE 30	\$ 1,752,868	\$ 13,765	\$ 12,778

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE EXPENDABLE TRUST	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
\$ 201,575	\$ 5,926,991	\$ -	\$ 5,926,991
27,034	2,666,030	6,461	2,672,491
54,245	139,043	4,111	143,154
194	527,881	-	527,881
4,611	264,222	3	264,225
4,124	21,888	169	22,057
29,391	133,760	1,105	134,865
303	303	-	303
321,477	9,680,118	11,849	9,691,967
8,704	594,284	-	594,284
312,773	9,085,834	11,849	9,097,683
15,545	932,574	-	932,574
2,791	2,479,025	184	2,479,209
792	2,659,520	-	2,659,520
-	1,071,919	-	1,071,919
3,741	607,808	-	607,808
209,143	392,818	1,425	394,243
-	26,326	-	26,326
54	144,204	1,626	145,830
-	21,602	-	21,602
-	848	-	848
-	260	-	260
-	11,789	-	11,789
232,066	8,348,693	3,235	8,351,928
80,707	737,141	8,614	745,755
5,163	162,935	-	162,935
(10,680)	(79,065)	-	(79,065)
-	(709,054)	-	(709,054)
-	-	(6,377)	(6,377)
-	1,124	-	1,124
(5,517)	(624,060)	(6,377)	(630,437)
75,190	113,081	2,237	115,318
850,971	2,592,491	13,721	2,606,212
-	-	(4,556)	(4,556)
\$ 926,161	\$ 2,705,572	\$ 11,402	\$ 2,716,974

STATE OF IOWA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis General Fund and Special Revenue Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
SPECIAL TAXES:						
Personal Income Tax	\$ 2,353,300	\$ 2,402,332	\$ 49,032	\$ -	\$ -	\$ -
Sales Tax	1,430,700	1,427,473	(3,227)	-	-	-
Corporation Income Tax	250,300	248,212	(2,088)	-	-	-
Use Tax	315,600	331,163	15,563	-	-	-
Inheritance Tax	114,000	116,394	2,394	-	-	-
Insurance Premium Tax	116,700	120,212	3,512	-	-	-
Cigarette Tax	91,400	91,051	(349)	-	-	-
Tobacco Tax	6,800	6,458	(342)	-	-	-
Beer & Liquor Tax	13,100	13,625	525	-	-	-
Franchise Tax	32,800	31,920	(880)	-	-	-
Miscellaneous Tax	1,100	1,293	193	-	-	-
TOTAL SPECIAL TAXES	4,725,800	4,790,133	64,333	-	-	-
REIMBURSEMENTS & FEES:						
Institutional Reimbursements	48,800	49,372	572	-	-	-
Liquor Transfers	43,500	45,000	1,500	-	-	-
Interest	24,200	24,722	522	-	-	-
Fees	64,500	66,992	2,492	-	-	-
Judicial Revenue	53,900	52,022	(1,878)	-	-	-
Miscellaneous Receipts	57,700	58,667	967	-	-	-
Racing & Gaming Receipts	60,000	60,000	-	-	-	-
TOTAL RECEIPTS	5,078,400	5,146,908	68,508	-	-	-
Transfers	45,600	43,982	(1,618)	537,370	548,779	11,409
Economic Emergency Fund Surplus	268,000	267,836	(164)	-	-	-
TOTAL APPROPRIATED REVENUE	5,392,000	5,458,726	66,726	537,370	548,779	11,409
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	-	-	-	1,120	987	(133)
Other Taxes	-	-	-	8,757	8,847	90
Wagering Tax Receipts	-	-	-	2,410	2,757	347
Individual Income Tax Quarterly	-	-	-	8,800	7,083	(1,717)
Individual Income Tax - Prior Year	70	105	35	-	-	-
Sales Tax - Quarterly	3	-	(3)	-	-	-
Sales Tax - DOT	-	-	-	5	7	2
Multi-Suspense	1,000	375	(625)	-	-	-
Federal Support	1,574,658	1,503,958	(70,700)	291,594	311,735	20,141
Local Governments	103,540	84,917	(18,623)	2,600	5,017	2,417
Other States	32	30	(2)	2,925	269	(2,656)
Internal Service Transfers	206,465	193,501	(12,964)	-	-	-
Internal Service Reimbursements	25,802	23,891	(1,911)	-	-	-
Reimbursements From Other Agencies	-	-	-	3,763	2,722	(1,041)
Interest	1	-	(1)	7,106	7,854	748
Bonds & Loans	-	-	-	5	-	(5)
Fees, Licenses, & Permits	5,065	5,104	39	21,610	20,569	(1,041)
Refunds & Reimbursements	89,915	184,155	94,240	102,393	94,437	(7,956)
Sale of Real Estate	11	-	(11)	1,710	1,891	181
Sale of Equipment & Salvage	2,159	15	(2,144)	65	36	(29)
Rents & Leases	-	2,167	2,167	21	35	14
Agricultural Sales	-	1	1	60	56	(4)
Other Sales & Services	1,432	1,890	458	1,069	1,143	74
Unearned Receipts	64	147	83	290	302	12
Income Tax Checkoffs	-	-	-	125	128	3
Other	47,211	42,810	(4,401)	2,431	13,672	11,241
TOTAL APPROPRIATED RECEIPTS	2,057,428	2,043,066	(14,362)	458,859	479,547	20,688
TOTAL ALL REVENUE	7,449,428	7,501,792	52,364	996,229	1,028,326	32,097
REFUNDS OF TAXES COLLECTED	(507,200)	(520,244)	(13,044)	-	-	-
TOTAL REVENUES AVAILABLE	6,942,228	6,981,548	39,320	996,229	1,028,326	32,097

continued on next page

STATE OF IOWA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis General Fund and Special Revenue Funds

For the Year Ended June 30, 2000

(Expressed in Thousands)

(Continued)

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
EXPENDITURES:						
Administration	395,836	398,295	(2,459)*	23,894	15,124	8,770
Agriculture & Natural Resources	114,487	108,547	5,940	20,290	13,197	7,093
Economic Development	29,386	28,518	868	6,618	3,003	3,615
Education	2,921,209	2,916,112	5,097	4,140	2,914	1,226
Health & Human Rights	200,422	195,826	4,596	2,778	2,517	261
Human Services	2,543,558	2,556,066	(12,508)*	-	-	-
Justice	386,053	383,316	2,737	-	-	-
Regulation	107,732	100,377	7,355	6,269	6,274	(5)*
Transportation & Public Safety	122,403	116,714	5,689	567,121	621,089	(53,968)*
TOTAL EXPENDITURES	6,821,086	6,803,771	17,315	631,110	664,118	(33,008)
Transfers	-	-	-	315,395	343,573	(28,178)
TOTAL EXPENDITURES AND TRANSFERS	6,821,086	6,803,771	17,315	946,505	1,007,691	(61,186)
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	121,142	177,777	56,635	49,724	20,635	(29,089)
OTHER FINANCING SOURCES (USES):						
Balances Credited To Appropriations	13,764	21,993	8,229	-	-	-
Unexpended Appropriations	(1,689)	(24,111)	(22,422)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	12,075	(2,118)	(14,193)	-	-	-
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS	133,217	175,659	42,442	49,724	20,635	(29,089)
BEGINNING FUND BALANCE (BUDGETARY)	-	283,836	283,836	192,231	192,231	-
Statutory Transfer to Cash Reserve Fund	-	(283,836)	283,836	-	-	-
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION	-	-	-	192,231	192,231	-
Adjustments (Note 21)	-	-	-	2,489	2,489	-
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATION (RESTATE)	-	-	-	194,720	194,720	-
ENDING FUND BALANCE (BUDGETARY)	\$ 133,217	\$ 175,659	\$ 42,442	\$ 244,444	\$ 215,355	\$ (29,089)
ENDING FUND BALANCE (BUDGETARY) AMOUNT STATUTORILY REQUIRED TO BE TRANSFERRED TO CASH RESERVE FUND		\$ 175,659				
		(175,659)	**			
ENDING FUND BALANCE AVAILABLE FOR APPROPRIATION		\$ -				

* Actual expenditures exceeded budgeted amounts as a result of legal expenditures of federal and other non-state funds which had been received for restricted purposes. In the General Fund this occurred within Human Services and Administration due to standing unlimited appropriations for Appeal Board Claims, Machinery and Equipment Property Tax Replacement, Elderly and Disabled Property Tax Credit and Performance of Duty. In the Special Revenue Funds this occurred in Transportation and Public Safety due to the Primary Road Fund and in Regulation due to the Department of Workforce Development.

** The Code of Iowa, Section 8.57, provides that the excess of revenues and other financing sources over expenditures and other financing uses at the conclusion of the fiscal year is to be transferred to the Cash Reserve Fund. The amount to meet the statutorily required cash reserve is retained in the Cash Reserve Fund and the remainder is forwarded to the GAAP Deficit Reduction Fund and the Iowa Economic Emergency Fund.

The notes are an integral part of the financial statements.

STATE OF IOWA

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

For the Year Ended June 30, 2000
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
OPERATING REVENUES:		
Receipts From Other Entities	\$ 1	\$ 71,528
Investment Income	-	-
Fees, Licenses & Permits	8,687	104
Refunds & Reimbursements	123	173,165
Sales, Rents & Services	324,126	2,530
Miscellaneous	1,107	3,602
TOTAL OPERATING REVENUES	<u>334,044</u>	<u>250,929</u>
OPERATING EXPENSES:		
General & Administrative	27,783	-
Depreciation	16,917	15,907
Direct Expense	17,511	-
Prize Expense	98,392	-
Personal Services	6,026	6,805
Travel & Subsistence	86	10,373
Supplies & Materials	737	30,734
Contractual Services	21,092	8,474
Equipment & Repairs	231	11,850
Claims & Miscellaneous	79,883	160,455
Licenses, Permits, & Refunds	782	86
State Aids & Credits	2,336	-
TOTAL OPERATING EXPENSES	<u>271,776</u>	<u>244,684</u>
OPERATING INCOME (LOSS)	<u>62,268</u>	<u>6,245</u>
NONOPERATING REVENUES (EXPENSES):		
Taxes	4,139	534
Intragovernmental Income	6,693	-
Federal Support	761	-
Investment Income	3,488	2,425
Interest Expense	(4,797)	(14)
Payments To Subrecipients	(761)	-
Miscellaneous Nonoperating Expense	(219)	-
Gain On Sale Of Fixed Assets	18	512
Loss On Sale Of Fixed Assets	(63)	(77)
NET NONOPERATING REVENUES (EXPENSES)	<u>9,259</u>	<u>3,380</u>
INCOME BEFORE OPERATING TRANSFERS	<u>71,527</u>	<u>9,625</u>
OPERATING TRANSFERS:		
Transfers In	654	49,433
Transfers Out	(82,179)	(45,391)
TOTAL OPERATING TRANSFERS	<u>(81,525)</u>	<u>4,042</u>
NET INCOME (LOSS)	<u>(9,998)</u>	<u>13,667</u>
Add Back Depreciation On Assets Acquired With Contributed Capital	5,908	-
INCREASE (DECREASE) IN RETAINED EARNINGS	<u>(4,090)</u>	<u>13,667</u>
RETAINED EARNINGS/FUND BALANCES JULY 1	<u>20,609</u>	<u>138,071</u>
Adjustments (Note 21)	-	(10,714)
RETAINED EARNINGS/FUND BALANCES JULY 1, RESTATED	<u>20,609</u>	<u>127,357</u>
RETAINED EARNINGS/FUND BALANCES JUNE 30	<u>\$ 16,519</u>	<u>\$ 141,024</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
NONEXPENDABLE TRUST			
\$ -	\$ 71,529	\$ 23,241	\$ 94,770
10	10	20,064	20,074
-	8,791	11,448	20,239
-	173,288	71	173,359
-	326,656	5,130	331,786
-	4,709	217	4,926
<u>10</u>	<u>584,983</u>	<u>60,171</u>	<u>645,154</u>
-	27,783	21,978	49,761
-	32,824	1,317	34,141
-	17,511	-	17,511
-	98,392	-	98,392
-	12,831	-	12,831
-	10,459	-	10,459
-	31,471	-	31,471
-	29,566	-	29,566
-	12,081	-	12,081
-	240,338	-	240,338
-	868	-	868
-	2,336	-	2,336
<u>-</u>	<u>516,460</u>	<u>23,295</u>	<u>539,755</u>
<u>10</u>	<u>68,523</u>	<u>36,876</u>	<u>105,399</u>
-	4,673	334	5,007
-	6,693	-	6,693
-	761	-	761
-	5,913	24,762	30,675
-	(4,811)	(32,764)	(37,575)
-	(761)	-	(761)
-	(219)	-	(219)
-	530	-	530
-	(140)	(12)	(152)
<u>-</u>	<u>12,639</u>	<u>(7,680)</u>	<u>4,959</u>
<u>10</u>	<u>81,162</u>	<u>29,196</u>	<u>110,358</u>
-	50,087	-	50,087
(10)	(127,580)	-	(127,580)
<u>(10)</u>	<u>(77,493)</u>	<u>-</u>	<u>(77,493)</u>
-	3,669	29,196	32,865
-	5,908	838	6,746
<u>-</u>	<u>9,577</u>	<u>30,034</u>	<u>39,611</u>
7,562	166,242	293,809	460,051
-	(10,714)	-	(10,714)
<u>7,562</u>	<u>155,528</u>	<u>293,809</u>	<u>449,337</u>
<u>\$ 7,562</u>	<u>\$ 165,105</u>	<u>\$ 323,843</u>	<u>\$ 488,948</u>

STATE OF IOWA

Combined Statement of Cash Flows – All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

For the Year Ended June 30, 2000
(Expressed in Thousands)

	<u>PROPRIETARY FUND TYPES</u>	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 349,785	\$ 23,649
Cash Received From Quasi-External Transactions	16	200,959
Other Operating Revenues	35	-
Cash Received From Miscellaneous	-	2,701
Cash Received On Loans Receivable	-	-
Interest Received	-	-
Cash Payments To Suppliers For Goods & Services	(106,487)	(195,935)
Cash Payments To Employees For Services	(11,273)	(6,488)
Cash Payments For Quasi-External Transactions	(45,787)	(29,235)
Cash Payments For Prizes	(111,345)	-
Purchase Of Loans Receivable	-	-
Cash Payments For Other Expenses	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>74,944</u>	<u>(4,349)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In From Other Funds	654	49,433
Operating Transfers Out To Other Funds	(83,478)	(45,391)
Federal Grants Received	761	-
Federal Grants Disbursed To Subrecipients	(761)	-
Proceeds From Sale Of Revenue Bonds	-	-
Principal Paid On Revenue Bonds	-	-
Interest Paid	-	(14)
Tax Receipts	10,832	533
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(71,992)</u>	<u>4,561</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition & Construction Of Capital Assets	(12,382)	(25,330)
Interest Paid	(4,966)	-
COPs Payments	(8,794)	-
Contributed Capital	9,186	-
Proceeds From Sale Of Capital Assets	64	1,739
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(16,892)</u>	<u>(23,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest & Dividends On Investments	3,420	2,413
Proceeds From Sale & Maturities Of Investments	14,825	1,462
Purchase Of Investments	(2,327)	(1,357)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>15,918</u>	<u>2,518</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	1,978	(20,861)
CASH & CASH EQUIVALENTS JULY 1	<u>78,027</u>	<u>58,003</u>
CASH & CASH EQUIVALENTS JUNE 30	80,005	37,142
INVESTMENTS	2,326	1,322
LESS: DEPOSITS WITH TRUSTEES	<u>22,728</u>	-
CASH & INVESTMENTS PER BALANCE SHEET	<u>\$ 59,603</u>	<u>\$ 38,464</u>

STATE OF IOWA

FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY)	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY)
NONEXPENDABLE TRUST	PRIMARY GOVERNMENT		REPORTING ENTITY
\$ -	\$ 373,434	\$ 12,565	\$ 385,999
-	200,975	-	200,975
-	35	27,451	27,486
-	2,701	-	2,701
-	-	56,922	56,922
-	-	19,766	19,766
-	(302,422)	(17,659)	(320,081)
-	(17,761)	(4,105)	(21,866)
-	(75,022)	-	(75,022)
-	(111,345)	-	(111,345)
-	-	(77,520)	(77,520)
-	-	(32)	(32)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>70,595</u>	<u>17,388</u>	<u>87,983</u>
-	50,087	-	50,087
(10)	(128,879)	-	(128,879)
-	761	-	761
-	(761)	-	(761)
-	-	116,836	116,836
-	-	(114,458)	(114,458)
-	(14)	(31,098)	(31,112)
-	11,365	-	11,365
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(10)</u>	<u>(67,441)</u>	<u>(28,720)</u>	<u>(96,161)</u>
-	(37,712)	(5,028)	(42,740)
-	(4,966)	-	(4,966)
-	(8,794)	-	(8,794)
-	9,186	3,960	13,146
-	1,803	-	1,803
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(40,483)</u>	<u>(1,068)</u>	<u>(41,551)</u>
20	5,853	28,602	34,455
-	16,287	22,227	38,514
<u>-</u>	<u>(3,684)</u>	<u>(38,152)</u>	<u>(41,836)</u>
<u>20</u>	<u>18,456</u>	<u>12,677</u>	<u>31,133</u>
10	(18,873)	277	(18,596)
<u>7,632</u>	<u>143,662</u>	<u>52,213</u>	<u>195,875</u>
7,642	124,789	52,490	177,279
-	3,648	594,005	597,653
<u>-</u>	<u>22,728</u>	<u>-</u>	<u>22,728</u>
<u>\$ 7,642</u>	<u>\$ 105,709</u>	<u>\$ 646,495</u>	<u>\$ 752,204</u>

(continued on next page)

STATE OF IOWA

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units

For the Year Ended June 30, 2000
(Expressed in Thousands)

(continued)

	<u>PROPRIETARY FUND TYPES</u>	
	ENTERPRISE	INTERNAL SERVICE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 62,268	\$ 6,245
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities		
Depreciation	16,917	15,907
Compensated Absences	112	95
Interest (Income)	-	-
Loss (Gain) On Sale Of Fixed Assets	(56)	-
(Increase) Decrease In Accounts Receivable	4,789	224
(Increase) Decrease In Due From Other Funds	12,604	(22,980)
(Increase) Decrease In Inventory	(1,181)	(2,204)
(Increase) Decrease In Prepaid Expense	(548)	(2,472)
(Increase) Decrease In Interest Receivable	-	-
(Increase) Decrease In Loans Receivable	-	-
(Increase) Decrease In Other Assets	(240)	-
Increase (Decrease) In Accounts Payable & Accruals	(6,802)	2,315
Increase (Decrease) In Due To Other Funds	(168)	(549)
Increase (Decrease) In Deferred Revenue	172	(930)
Increase (Decrease) In Funds Held In Custody	(396)	-
Increase (Decrease) In Prizes Payable	(1,151)	-
Increase (Decrease) In Prize Annuity	(11,376)	-
Net Cash Provided By Operating Activities	<u>\$ 74,944</u>	<u>\$ (4,349)</u>
Noncash investing, capital and financing activities:		
Bond discount and issuance costs of \$1,414,791 were deducted from the proceeds of the Revenue Bonds issued by discrete component units.		
Cash & Cash Equivalent Reconciliation to Combined Balance Sheet:		
<i>Fiduciary Fund Types –</i>		
Cash per Combined Balance Sheet		\$ 19,685,173
Less: Fund Types Not Requiring Cash Flow Statements:		
Expendable Trust	\$ 854,668	
Pension Trust	18,735,473	
Agency Fund	<u>87,390</u>	
Noncash Flow Statement Cash		<u>19,677,531</u>
Nonexpendable Trust Cash & Investments		7,642
Less: Investments not meet cash equivalent definition		<u>-</u>
Nonexpendable Trust Cash & Cash Equivalents		<u><u>\$ 7,642</u></u>
<i>Component Units –</i>		
Cash per Combined Balance Sheet		\$ 658,285
Less: Component Units Not Requiring Cash Flow Statements:		
General Fund	\$ 3,349	
Expendable Trust	<u>8,441</u>	
Noncash Flow Statement Cash		<u>11,790</u>
Cash Flow Component Unit Cash & Investments		646,495
Less: Investments not meeting cash equivalent definition		<u>594,005</u>
Component Unit Cash & Cash Equivalents		<u><u>\$ 52,490</u></u>

The notes are an integral part of the financial statements.

STATE OF IOWA

FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY) REPORTING ENTITY
NONEXPENDABLE TRUST			
\$ 10	\$ 68,523	\$ 36,876	\$ 105,399
-	32,824	1,317	34,141
-	207	7	214
(10)	(10)	(34)	(44)
-	(56)	-	(56)
-	5,013	(30)	4,983
-	(10,376)	-	(10,376)
-	(3,385)	-	(3,385)
-	(3,020)	10	(3,010)
-	-	(186)	(186)
-	-	(20,672)	(20,672)
-	(240)	(133)	(373)
-	(4,487)	157	(4,330)
-	(717)	-	(717)
-	(758)	76	(682)
-	(396)	-	(396)
-	(1,151)	-	(1,151)
-	(11,376)	-	(11,376)
<u>\$ -</u>	<u>\$ 70,595</u>	<u>\$ 17,388</u>	<u>\$ 87,983</u>

STATE OF IOWA

Combining Statement of Changes in Plan Net Assets Pension Trust Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
ADDITIONS				
Contributions:				
Member Contributions	\$ 168,848	\$ 2,832	\$ 779	\$ 172,459
Employer Contributions	253,271	3,991	4,202	261,464
Buy-Back/Buy-In Contributions	<u>7,295</u>	<u>-</u>	<u>-</u>	<u>7,295</u>
Total Contributions	<u>429,414</u>	<u>6,823</u>	<u>4,981</u>	<u>441,218</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	1,452,038	19,357	6,348	1,477,743
Interest	384,081	7,027	1,967	393,075
Dividends	91,198	1,373	326	92,897
Other	<u>116,010</u>	<u>-</u>	<u>-</u>	<u>116,010</u>
Total Investment Income	2,043,327	27,757	8,641	2,079,725
Less Investment Expense	<u>52,961</u>	<u>1,945</u>	<u>289</u>	<u>55,195</u>
Net Investment Income	<u>1,990,366</u>	<u>25,812</u>	<u>8,352</u>	<u>2,024,530</u>
Miscellaneous Non-Investment Income	<u>97</u>	<u>-</u>	<u>-</u>	<u>97</u>
Total Additions	<u>2,419,877</u>	<u>32,635</u>	<u>13,333</u>	<u>2,465,845</u>
DEDUCTIONS:				
Pension and Annuity Benefits	533,747	8,905	3,696	546,348
Administrative Expense	5,866	68	6	5,940
Member and Employer Refunds	<u>65,609</u>	<u>80</u>	<u>-</u>	<u>65,689</u>
Total Deductions	<u>605,222</u>	<u>9,053</u>	<u>3,702</u>	<u>617,977</u>
Net Increase	1,814,655	23,582	9,631	1,847,868
Fund Balance - Reserved for Employees' Pension Benefits July 1	<u>15,325,576</u>	<u>215,987</u>	<u>62,017</u>	<u>15,603,580</u>
Fund Balance - Reserved for Employees' Pension Benefits June 30	<u>\$ 17,140,231</u>	<u>\$ 239,569</u>	<u>\$ 71,648</u>	<u>\$ 17,451,448</u>

The notes are an integral part of the financial statements.

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STATE OF IOWA

Combined Statement of Changes in Fund Balances University Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS
	UNRESTRICTED	RESTRICTED	
REVENUES & ADDITIONS:			
Educational & General Revenues	\$ 504,312	\$ -	\$ -
Auxiliary Enterprises Revenues	228,308	-	-
Sales & Services Of Health Care Units	423,567	-	-
Federal Grants & Contracts	-	278,578	547
Other Gifts, Grants & Contracts	-	127,839	414
Federal Appropriations	-	14,416	-
Investment & Endowment Income	-	10,021	271
Interest Income	-	-	1,861
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
ISU Press Revenue	-	-	-
Independent Operations	-	25,743	-
Fees & Other Additions	-	11,844	451
TOTAL REVENUES & ADDITIONS	<u>1,156,187</u>	<u>468,441</u>	<u>3,544</u>
EXPENDITURES & OTHER DEDUCTIONS:			
Educational & General Expenditures	940,725	429,965	-
Indirect Costs Recovered	-	57,888	143
Auxiliary Enterprises Expenditures	217,603	-	-
Health Care Units Expenditures	434,033	-	-
Independent Operations	-	26,331	-
Loan Cancellation & Write-Off	-	-	343
Administrative & Collection Cost	-	-	658
Expended For Plant Facilities	-	-	-
Retirement Of Indebtedness	-	-	-
Interest On Indebtedness	-	-	-
Adjustment To Plant Facilities	-	-	-
Bond Issuance Cost Amortization	-	-	-
ISU Press Expenditures	-	-	-
Other	-	-	-
TOTAL EXPENDITURES & OTHER DEDUCTIONS	<u>1,592,361</u>	<u>514,184</u>	<u>1,144</u>
TRANSFERS ADDITIONS (DEDUCTIONS):			
Mandatory Transfers, Net	(129,995)	(618)	165
Transfers In – State General Fund	619,532	69,623	-
Debt Proceeds For Plant Additions	-	-	-
Nonmandatory Transfers, Net	(40,142)	(15,560)	(432)
TOTAL TRANSFERS	<u>449,395</u>	<u>53,445</u>	<u>(267)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>13,221</u>	<u>7,702</u>	<u>2,133</u>
FUND BALANCE JULY 1	216,302	65,951	78,156
Adjustments (Note 21)	(9,897)	7,865	-
FUND BALANCE JULY 1, RESTATED	<u>206,405</u>	<u>73,816</u>	<u>78,156</u>
FUND BALANCE JUNE 30	<u>\$ 219,626</u>	<u>\$ 81,518</u>	<u>\$ 80,289</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

ENDOWMENTS & SIMILAR FUNDS	PLANT FUNDS				COMPONENT UNITS	TOTAL
	UN- EXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,312
-	-	-	-	-	-	228,308
-	-	-	-	-	-	423,567
-	629	-	-	11,270	-	291,024
85	17,928	648	-	1,336	-	148,250
-	-	-	-	-	-	14,416
14,603	(646)	3,552	1,668	-	40	29,509
-	-	-	-	-	-	1,861
-	-	-	-	240,990	-	240,990
-	-	-	-	36,601	-	36,601
-	-	-	-	-	2,428	2,428
-	-	-	-	-	-	25,743
-	5,244	189	648	-	-	18,376
<u>14,688</u>	<u>23,155</u>	<u>4,389</u>	<u>2,316</u>	<u>290,197</u>	<u>2,468</u>	<u>1,965,385</u>
-	-	-	-	-	-	1,370,690
-	-	-	-	-	-	58,031
-	-	-	-	-	-	217,603
-	-	-	-	-	-	434,033
-	-	-	-	-	-	26,331
-	-	-	-	-	-	343
-	-	-	-	-	-	658
-	181,867	16,916	938	-	-	199,721
-	-	-	36,602	-	-	36,602
-	-	-	28,147	-	-	28,147
-	-	-	-	85,516	-	85,516
-	-	-	-	33	-	33
-	-	-	-	-	2,072	2,072
1,553	-	-	292	850	-	2,695
<u>1,553</u>	<u>181,867</u>	<u>16,916</u>	<u>65,979</u>	<u>86,399</u>	<u>2,072</u>	<u>2,462,475</u>
-	13,181	58,116	59,989	(838)	-	-
-	19,899	-	-	-	-	709,054
-	36,564	-	4,714	(41,278)	-	-
80,408	21,663	(45,017)	2,962	(3,882)	-	-
<u>80,408</u>	<u>91,307</u>	<u>13,099</u>	<u>67,665</u>	<u>(45,998)</u>	<u>-</u>	<u>709,054</u>
<u>93,543</u>	<u>(67,405)</u>	<u>572</u>	<u>4,002</u>	<u>157,800</u>	<u>396</u>	<u>211,964</u>
192,398	242,534	55,638	61,630	2,639,493	843	3,552,945
-	-	-	-	-	-	(2,032)
<u>192,398</u>	<u>242,534</u>	<u>55,638</u>	<u>61,630</u>	<u>2,639,493</u>	<u>843</u>	<u>3,550,913</u>
<u>\$ 285,941</u>	<u>\$ 175,129</u>	<u>\$ 56,210</u>	<u>\$ 65,632</u>	<u>\$ 2,797,293</u>	<u>\$ 1,239</u>	<u>\$ 3,762,877</u>

STATE OF IOWA

Combined Statement of Current Funds Revenues, Expenditures and Other Changes University Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	CURRENT FUNDS		
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES:			
Educational & General:			
Tuition & Fees	\$ 285,233	\$ -	\$ 285,233
Federal Appropriations	387	14,223	14,610
Federal Grants & Contracts	51,424	227,054	278,478
Other Grants & Contracts	18,264	104,534	122,798
Investment & Endowment Income	33,805	7,278	41,083
Sales & Services Of Educational Departments	49,245	5	49,250
Other	<u>65,954</u>	<u>10,107</u>	<u>76,061</u>
Total Educational & General Revenues	504,312	363,201	867,513
Auxiliary Enterprises Revenues	228,308	-	228,308
Independent Operations	-	26,332	26,332
Sales & Services Of Health Care Units	<u>423,567</u>	<u>-</u>	<u>423,567</u>
TOTAL REVENUES	<u>1,156,187</u>	<u>389,533</u>	<u>1,545,720</u>
EXPENDITURES & MANDATORY TRANSFERS:			
Educational & General:			
Instruction	435,420	15,268	450,688
Research	35,806	267,280	303,086
Public Service	68,024	76,216	144,240
Academic Support	141,800	5,497	147,297
Student Services	47,916	1,689	49,605
Institutional Support	70,772	12,672	83,444
Operation & Maintenance Of Plant	92,157	8	92,165
Student Aid	<u>48,830</u>	<u>51,335</u>	<u>100,165</u>
Total Educational & General Expenditures	940,725	429,965	1,370,690
Auxiliary Enterprises Expenditures	217,603	-	217,603
Health Care Units Expenditures	434,033	-	434,033
Independent Operations	-	26,331	26,331
Mandatory Transfers, Net Out (In)	<u>129,995</u>	<u>618</u>	<u>130,613</u>
TOTAL EXPENDITURES & MANDATORY TRANSFERS	<u>1,722,356</u>	<u>456,914</u>	<u>2,179,270</u>
OTHER TRANSFERS & ADDITIONS (DEDUCTIONS):			
Excess Of Restricted Receipts Over Transfers			
To Revenue	-	21,020	21,020
Transfers In - State General Fund	619,532	69,623	689,155
Nonmandatory Transfers, Net	<u>(40,142)</u>	<u>(15,560)</u>	<u>(55,702)</u>
TOTAL OTHER TRANSFERS & ADDITIONS	<u>579,390</u>	<u>75,083</u>	<u>654,473</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 13,221</u>	<u>\$ 7,702</u>	<u>\$ 20,923</u>

The notes are an integral part of the financial statements.

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STATE OF IOWA
Combining Balance Sheet
Component Units

June 30, 2000
(Expressed in Thousands)

	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY
ASSETS AND OTHER DEBITS		
Cash & Investments (Note 2)	\$ 11,357	\$ 13,287
Accounts Receivable (Net) (Note 4)	85	-
Interest Receivable	5	208
Notes Receivable	-	-
Loans Receivable (Net)	-	34,201
Due From Component Units (Note 5)	1,095	-
Fixed Assets (Net) (Note 6)	30,523	6
Inventory	95	-
Prepaid Expenditures/Expenses	-	99
Other Assets	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 43,160</u>	<u>\$ 47,801</u>
LIABILITIES		
Accounts Payable & Accruals	\$ 564	\$ 34
Due To Component Units (Note 5)	1,095	-
Interest Payable	-	355
Deferred Revenue	-	421
Compensated Absences (Note 1)	217	-
Bonds Payable (Note 12)	-	45,209
TOTAL LIABILITIES	<u>1,876</u>	<u>46,019</u>
FUND EQUITY AND OTHER CREDITS		
Contributed Capital:		
Intergovernmental	30,245	-
Retained Earnings	5,012	1,782
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	95	-
Specific Purposes	5,932	-
Unreserved Fund Equity	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	<u>41,284</u>	<u>1,782</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 43,160</u>	<u>\$ 47,801</u>

STATE OF IOWA

IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	WALLACE TECHNOLOGY TRANSFER FOUNDATION	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION
\$ 621,491	\$ 3,676	\$ 100	1,323	\$ 1,537	\$ 57
-	-	-	-	-	-
6,748	59	-	7	21	-
-	-	-	-	-	-
229,579	1,687	-	-	-	-
-	-	-	-	-	-
560	29	-	7	11	7
-	-	-	-	-	-
-	4	-	-	-	-
<u>205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 858,583</u>	<u>\$ 5,455</u>	<u>\$ 100</u>	<u>\$1,337</u>	<u>\$ 1,569</u>	<u>\$ 64</u>
\$ 13,328	\$ 44	\$ -	\$ 515	\$ 47	\$ 1
-	-	-	-	-	-
8,981	-	-	-	-	-
5,455	-	-	-	-	-
-	-	-	1	4	2
<u>522,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>550,093</u>	<u>44</u>	<u>-</u>	<u>516</u>	<u>51</u>	<u>3</u>
-	-	-	-	-	-
308,490	5,411	-	821	1,518	61
-	-	-	-	-	-
-	-	100	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>308,490</u>	<u>5,411</u>	<u>100</u>	<u>821</u>	<u>1,518</u>	<u>61</u>
<u>\$ 858,583</u>	<u>\$ 5,455</u>	<u>\$ 100</u>	<u>\$1,337</u>	<u>\$ 1,569</u>	<u>\$ 64</u>

(continued on next page)

STATE OF IOWA
Combining Balance Sheet
Component Units

June 30, 2000
(Expressed in Thousands)

(Continued)

	IOWA SEED CAPITAL LIQUIDATION CORPORATION	IOWA CENTENNIAL MEMORIAL FOUNDATION
ASSETS AND OTHER DEBITS		
Cash & Investments (Note 2)	\$ 3,249	\$ 735
Accounts Receivable (Net) (Note 4)	1	-
Interest Receivable	-	13
Notes Receivable	170	-
Loans Receivable (Net)	-	-
Due From Component Units (Note 5)	-	-
Fixed Assets (Net) (Note 6)	-	-
Inventory	-	-
Prepaid Expenditures/Expenses	-	-
Other Assets	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 3,420</u>	<u>\$ 748</u>
LIABILITIES		
Accounts Payable & Accruals	\$ -	\$ -
Due To Component Units (Note 5)	-	-
Interest Payable	-	-
Deferred Revenue	-	-
Compensated Absences (Note 1)	-	-
Bonds Payable (Note 12)	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND EQUITY AND OTHER CREDITS		
Contributed Capital:		
Intergovernmental	-	-
Retained Earnings	-	-
Fund Balances:		
Reserve For:		
Inventory & Prepaid Expenditures	-	-
Specific Purposes	-	718
Unreserved Fund Equity	3,420	30
TOTAL FUND EQUITY AND OTHER CREDITS	<u>3,420</u>	<u>748</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 3,420</u>	<u>\$ 748</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 1,035	\$ 438	\$ 658,285
-	410	496
1	-	7,062
-	-	170
-	-	265,467
-	-	1,095
-	22	31,165
-	16	111
2	1	106
<u>-</u>	<u>-</u>	<u>205</u>
<u>\$ 1,038</u>	<u>\$ 887</u>	<u>\$ 964,162</u>
\$ 70	\$ -	\$ 14,603
-	-	1,095
-	-	9,336
-	-	5,876
-	-	224
<u>-</u>	<u>-</u>	<u>567,538</u>
<u>70</u>	<u>-</u>	<u>598,672</u>
-	-	30,245
-	-	323,095
2	17	114
695	-	7,445
<u>271</u>	<u>870</u>	<u>4,591</u>
<u>968</u>	<u>887</u>	<u>365,490</u>
<u>\$ 1,038</u>	<u>\$ 887</u>	<u>\$ 964,162</u>

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Discretely Presented Component Units - Governmental and Expendable Trust Fund Types

For the Year Ended June 30, 2000
(Expressed in Thousands)

	GENERAL	
	WALLACE TECHNOLOGY TRANSFER FOUNDATION	IOWA SEED CAPITAL LIQUIDATION CORPORATION
REVENUES:		
Receipts From Other Entities	\$ -	-
Investment Income	-	4,044
Refunds & Reimbursements	-	3
Sales, Rents & Services	-	10
Miscellaneous	-	-
TOTAL REVENUES	-	4,057
EXPENDITURES:		
Current:		
Education	-	-
Economic/Manpower Development	-	482
Agriculture & Natural Resources	-	-
TOTAL EXPENDITURES	-	482
REVENUES OVER (UNDER) EXPENDITURES	-	3,575
OTHER FINANCING SOURCES (USES):		
Transfers To Primary Government	-	(6,377)
TOTAL OTHER FINANCING SOURCES (USES)	-	(6,377)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(2,802)
FUND BALANCE JULY 1	100	6,222
Residual Equity Transfer Out	-	-
FUND BALANCE JUNE 30	\$ 100	\$ 3,420

The notes are an integral part of the financial statements.

STATE OF IOWA

EXPENDABLE TRUST			
IOWA STATE FAIR AUTHORITY	ECONOMIC DEVELOPMENT FOUNDATION	IOWA HISTORICAL FOUNDATION	TOTAL
\$ 5,964	\$ -	\$ 497	\$ 6,461
24	19	24	4,111
-	-	-	3
113	-	46	169
<u>-</u>	<u>1,105</u>	<u>-</u>	<u>1,105</u>
<u>6,101</u>	<u>1,124</u>	<u>567</u>	<u>11,849</u>
-	-	184	184
-	943	-	1,425
<u>1,626</u>	<u>-</u>	<u>-</u>	<u>1,626</u>
<u>1,626</u>	<u>943</u>	<u>184</u>	<u>3,235</u>
<u>4,475</u>	<u>181</u>	<u>383</u>	<u>8,614</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,377)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,377)</u>
<u>4,475</u>	<u>181</u>	<u>383</u>	<u>2,237</u>
6,108	787	504	13,721
<u>(4,556)</u>	<u>-</u>	<u>-</u>	<u>(4,556)</u>
<u>\$ 6,027</u>	<u>\$ 968</u>	<u>\$ 887</u>	<u>\$ 11,402</u>

STATE OF IOWA

Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances Discretely Presented Component Units - Proprietary Fund Type and Nonexpendable Trust Fund

For the Year Ended June 30, 2000
(Expressed in Thousands)

	ENTERPRISE			
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY
OPERATING REVENUES:				
Receipts From Other Entities	\$ -	\$ 12	\$ 22,168	\$ -
Investment Income	-	1,499	18,409	122
Fees, Licenses & Permits	5,230	-	5,238	208
Refunds & Reimbursements	-	-	-	-
Sales, Rents & Services	5,130	-	-	-
Miscellaneous	<u>113</u>	<u>102</u>	<u>-</u>	<u>2</u>
TOTAL OPERATING REVENUES	<u>10,473</u>	<u>1,613</u>	<u>45,815</u>	<u>332</u>
OPERATING EXPENSES:				
General & Administrative	9,266	125	10,326	396
Depreciation	<u>1,171</u>	<u>2</u>	<u>128</u>	<u>10</u>
TOTAL OPERATING EXPENSES	<u>10,437</u>	<u>127</u>	<u>10,454</u>	<u>406</u>
OPERATING INCOME (LOSS)	<u>36</u>	<u>1,486</u>	<u>35,361</u>	<u>(74)</u>
NONOPERATING REVENUES (EXPENSES):				
Taxes	334	-	-	-
Investment Income	124	891	23,444	186
Interest Expense	-	(2,246)	(30,518)	-
Loss On Sale Of Assets	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>446</u>	<u>(1,355)</u>	<u>(7,074)</u>	<u>186</u>
NET INCOME (LOSS)	482	131	28,287	112
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>838</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	1,320	131	28,287	112
RETAINED EARNINGS/FUND BALANCE JULY 1	<u>3,692</u>	<u>1,651</u>	<u>280,203</u>	<u>5,299</u>
RETAINED EARNINGS/FUND BALANCE JUNE 30	<u>\$ 5,012</u>	<u>\$ 1,782</u>	<u>\$ 308,490</u>	<u>\$ 5,411</u>

The notes are an integral part of the financial statements.

STATE OF IOWA

LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST	
			IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ 1,061	\$ -	\$ -	\$ -	\$ 23,241
-	-	-	34	20,064
-	679	93	-	11,448
-	71	-	-	71
-	-	-	-	5,130
-	-	-	-	217
<u>1,061</u>	<u>750</u>	<u>93</u>	<u>34</u>	<u>60,171</u>
983	768	82	32	21,978
<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>1,317</u>
<u>985</u>	<u>770</u>	<u>84</u>	<u>32</u>	<u>23,295</u>
<u>76</u>	<u>(20)</u>	<u>9</u>	<u>2</u>	<u>36,876</u>
-	-	-	-	334
56	60	1	-	24,762
-	-	-	-	(32,764)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
<u>56</u>	<u>60</u>	<u>1</u>	<u>-</u>	<u>(7,680)</u>
132	40	10	2	29,196
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>838</u>
132	40	10	2	30,034
<u>689</u>	<u>1,478</u>	<u>51</u>	<u>746</u>	<u>293,809</u>
<u>\$ 821</u>	<u>\$ 1,518</u>	<u>\$ 61</u>	<u>\$ 748</u>	<u>\$ 323,843</u>

STATE OF IOWA

Combining Statement of Cash Flows Discretely Presented Component Units - Proprietary Fund Type and Nonexpendable Trust Fund

For the Year Ended June 30, 2000
(Expressed in Thousands)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received From Customers	\$ 10,443	\$ 11	\$ -
Other Operating Revenues	-	102	27,349
Cash Received On Loans Receivable	-	4,332	52,471
Interest Received	-	1,374	18,256
Cash Payments To Suppliers For Goods & Services	(5,534)	(111)	(10,337)
Cash Payments To Employees For Services	(3,661)	-	-
Purchases Of Loans Receivable	-	(7,800)	(69,530)
Cash Payments For Other Expenses	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,248</u>	<u>(2,092)</u>	<u>18,209</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Proceeds From Sale Of Revenue Bonds	-	-	116,836
Principal Paid On Revenue Bonds	-	(3,740)	(110,718)
Interest Paid	-	(2,290)	(28,808)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(6,030)</u>	<u>(22,690)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition & Construction Of Capital Assets	(4,523)	(4)	(489)
Contributed Capital	3,960	-	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(563)</u>	<u>(4)</u>	<u>(489)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest & Dividends On Investments	124	891	27,267
Proceeds From Sale & Maturities Of Investments	-	7,336	12,764
Purchase Of Investments	-	-	(36,320)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>124</u>	<u>8,227</u>	<u>3,711</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	809	101	(1,259)
CASH & CASH EQUIVALENTS JULY 1	<u>3,580</u>	<u>161</u>	<u>44,483</u>
CASH & CASH EQUIVALENTS JUNE 30	4,389	262	43,224
INVESTMENTS	<u>-</u>	<u>13,025</u>	<u>578,267</u>
CASH AND INVESTMENTS PER BALANCE SHEET	<u>\$ 4,389</u>	<u>\$ 13,287</u>	<u>\$ 621,491</u>

STATE OF IOWA

IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST	TOTAL
				IOWA CENTENNIAL MEMORIAL FOUNDATION	
\$ 209	\$ 1,061	\$ 749	\$ 92	\$ -	\$ 12,565
-	-	-	-	-	27,451
119	-	-	-	-	56,922
136	-	-	-	-	19,766
(161)	(869)	(629)	(18)	-	(17,659)
(215)	(36)	(130)	(63)	-	(4,105)
(190)	-	-	-	-	(77,520)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>(32)</u>
<u>(102)</u>	<u>156</u>	<u>(10)</u>	<u>11</u>	<u>(32)</u>	<u>17,388</u>
-	-	-	-	-	116,836
-	-	-	-	-	(114,458)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,098)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,720)</u>
(6)	(2)	(3)	(1)	-	(5,028)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,960</u>
<u>(6)</u>	<u>(2)</u>	<u>(3)</u>	<u>(1)</u>	<u>-</u>	<u>(1,068)</u>
186	16	81	1	36	28,602
353	950	824	-	-	22,227
<u>(310)</u>	<u>(384)</u>	<u>(1,072)</u>	<u>-</u>	<u>(66)</u>	<u>(38,152)</u>
<u>229</u>	<u>582</u>	<u>(167)</u>	<u>1</u>	<u>(30)</u>	<u>12,677</u>
121	736	(180)	11	(62)	277
<u>3,137</u>	<u>190</u>	<u>552</u>	<u>46</u>	<u>64</u>	<u>52,213</u>
3,258	926	372	57	2	52,490
<u>418</u>	<u>397</u>	<u>1,165</u>	<u>-</u>	<u>733</u>	<u>594,005</u>
<u>\$ 3,676</u>	<u>\$ 1,323</u>	<u>\$ 1,537</u>	<u>\$ 57</u>	<u>\$ 735</u>	<u>\$ 646,495</u>

continued on next page

STATE OF IOWA

Combining Statement of Cash Flows Discretely Presented Component Units - Proprietary Fund Type and Nonexpendable Trust Fund

For the Year Ended June 30, 2000
(Expressed in Thousands)

(continued)

	ENTERPRISE		
	IOWA STATE FAIR AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA FINANCE AUTHORITY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 36	\$ 1,486	\$ 35,361
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities			
Depreciation	1,171	2	128
Compensated Absences	9	-	-
Interest (Income)	-	-	-
(Increase) Decrease In Accounts Receivable	(30)	-	-
(Increase) Decrease In Prepaid Expense	-	14	-
(Increase) Decrease In Interest Receivable	-	(47)	(153)
(Increase) Decrease In Loans Receivable	-	(3,546)	(17,059)
(Increase) Decrease In Other Assets	-	-	(133)
Increase (Decrease) In Accounts Payable & Accruals	62	(1)	(11)
Increase (Decrease) In Deferred Revenue	-	-	76
Net Cash Provided By Operating Activities	<u>\$ 1,248</u>	<u>\$ (2,092)</u>	<u>\$ 18,209</u>

The notes are an integral part of the financial statements.

Noncash investing, capital and financing activities:

Bond discount and issuance costs of \$1,414,791 were deducted from the proceeds of the Revenue Bonds issued by discrete component units.

STATE OF IOWA

IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	LAWYER TRUST ACCOUNT COMMISSION	CLIENT SECURITY & ATTORNEY DISCIPLINARY COMMISSION	COMMISSION ON CONTINUING LEGAL EDUCATION	NON- EXPENDABLE TRUST	
				IOWA CENTENNIAL MEMORIAL FOUNDATION	TOTAL
\$ (74)	\$ 76	\$ (20)	\$ 9	\$ 2	\$ 36,876
10	2	2	2	-	1,317
-	(1)	-	(1)	-	7
-	-	-	-	(34)	(34)
-	-	-	-	-	(30)
(4)	-	-	-	-	10
14	-	-	-	-	(186)
(67)	-	-	-	-	(20,672)
-	-	-	-	-	(133)
19	79	8	1	-	157
-	-	-	-	-	76
<u>\$ (102)</u>	<u>\$ 156</u>	<u>\$ (10)</u>	<u>\$ 11</u>	<u>\$ (32)</u>	<u>\$ 17,388</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the State of Iowa have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

B. Financial Reporting Entity

For financial reporting purposes, the State of Iowa includes all funds, account groups, departments, agencies and universities of the State. The State has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

As required by GAAP, these financial statements present the State of Iowa (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. The individual component unit financial statements can be obtained by contacting: Iowa Department of Revenue and Finance, Financial Management, 3rd Floor, Hoover State Office Bldg., Des Moines, IA 50319.

Blended Component Units

These component units are entities which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the State's primary government and are blended with the appropriate funds.

- Iowa Public Television Foundation (Special Revenue Fund) – solicits and manages gifts of money or property, for the exclusive purpose of granting gifts of

money or property to Iowa Public Television. Iowa Public Television has sole discretion as to the use of the money or property. The State appoints a voting majority of the Foundation's board and has the ability to impose its will on the organization, as it can make personnel decisions regarding the management of the Foundation.

- Friends of Iowa Public Television (Expendable Trust Fund) – serves as a funding medium for Iowa Public Television. Iowa Public Television has complete discretion as to the use of the money. The organization provides services only to the State and the relationship is such that it would be misleading to exclude the organization from the financial statements.
- State of Iowa Facilities Improvement Corporation (Internal Service Fund) – was formed to finance energy saving capital improvements for State departments and agencies. The Corporation is administered by the Iowa Department of Natural Resources. It issues bonds to finance the improvements, contracts for the installation of the improvements, and leases the improvements to the State agencies to provide funds to retire the bonds and pay financing and administrative costs. All nine board members are appointed by the State.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or its relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of these entities.

- Iowa Finance Authority (Proprietary) – issues bonds to assist in attainment of adequate housing for special needs individuals such as the low to moderate income and the disabled, and to provide limited types of financing to small businesses. The nine members of the

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Board of Directors are appointed by the Governor and confirmed by the Senate.

- . Iowa Higher Education Loan Authority (Proprietary) – provides for the financing of educational loans for students attending private educational institutions in the State and financing for the acquisition, construction, and renovation of educational facilities. The five members of the Board of Directors are appointed by the Governor and confirmed by the Senate. The State has the ability to impose its will upon the Authority.
- . Lawyer Trust Account Commission (Proprietary) – provides for legal assistance to the poor in civil cases and for other needs including educational and other specific law-related programs designed to improve the administration of justice in Iowa from the interest earned on lawyers' pooled trust accounts which holds client funds that are either so small in amount or held for such a brief period of time that it is not possible for the funds to economically benefit the individual client. The State appoints the Commission members and has the ability to impose its will on the Commission (November 30 year end).
- . Client Security and Attorney Disciplinary Commission (Proprietary) – examines breaches of professional responsibility by attorneys, assists the court in administering attorney disciplinary procedures, and administers the Client Security Fund, whose purpose is to prevent defalcations by members of the Iowa bar, and to provide for the indemnification by the profession for losses caused to the public by dishonest conduct of members of the bar of Iowa. The State appoints the Commission members and has the ability to impose its will on the Commission (November 30 year end).
- . Commission on Continuing Legal Education (Proprietary) – enforces the continuing education rules pertaining to attorneys to ensure that they can fulfill their obligation to competently serve their

clients. The State appoints the Commission members and has the ability to impose its will on the Commission (November 30 year end).

- . Iowa State Fair Authority (Proprietary and Governmental) – conducts the annual State Fair and Exposition and other interim events on the Iowa State Fairgrounds. The State must approve any bonds issued by the Authority (October 31 year end).
- . Iowa Agricultural Development Authority (Proprietary) – undertakes programs which assist beginning farmers in purchasing land, improvements and property for agricultural purposes, and provides financing for agricultural and soil conservation development, and other various agricultural development programs. The State appoints a voting majority of the organization and is able to impose its will on the Authority.
- . Wallace Technology Transfer Foundation (Governmental) – is a non-profit corporation which supports collaborative projects, between Iowa industry and the State's institutions of higher education, for the purpose of commercial development of advanced technologies. All voting members of the Board of Directors are appointed by the Governor and confirmed by the Senate. Legislation required the foundation to revert unobligated funds and transfer assets back to the State as of June 30, 1997. The entity will continue to exist until all assets are distributed or disposed.
- . Iowa Centennial Memorial Foundation (Nonexpendable Trust Fund) – was incorporated to recognize and encourage outstanding ability and potential leadership as a permanent observance of the Iowa Centennial. The State appoints all the voting members of the Foundation's Board. It consists of the Governor, Treasurer, Attorney General, President of the State Board of Regents, all former governors residing in or maintaining legal residence in the State,

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

and four citizens selected by the other members of the board (May 31 year end).

- . Iowa Department of Economic Development Foundation (Governmental) – manages funds from public and private sources to be used to further the overall development and well being of the State. The State appoints a voting majority of the board and has the ability to influence the management of the organization.
- . Iowa Historical Foundation (Governmental) – solicits financial support for programs of the State Historical Society of Iowa to promote the preservation of the history of Iowa and to assist the Society in developing and promoting local historical societies and programs throughout the State. The State provides office space and provides partial funding to the Foundation. The State appoints a voting majority of the Board of Directors.
- . Iowa Seed Capital Corporation Liquidation Corporation (Governmental) – formerly the Iowa Seed Capital Corporation which provided financial assistance to small businesses launching new ventures based on innovation. The 1998 Regular Session Acts of the General Assembly terminated the terms of the board members of Iowa Seed Capital Corporation at May 31, 1998. The officers and staff of the Corporation were terminated at June 30, 1998, and the Corporation offices closed. The Corporation was renamed the ISCC Liquidation Corporation and a three-person board was constituted to supervise the liquidation or sale of the assets of the ISCC Liquidation Corporation. Following the complete liquidation or sale of the assets, all remaining moneys shall be transferred to the strategic investment fund and the ISCC Liquidation Corporation board shall be dissolved.

Related Organizations

These related organizations are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organizations' board members. Financial statements are available from the respective organizations.

- . Iowa Student Loan Liquidity Corporation
- . Iowa Comprehensive Health Association
- . Turkey Marketing Council
- . Iowa Business Development Finance Corporation
- . Community Health Management Information System

C.Fund Accounting

The accounts of the State of Iowa are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. For financial statement presentation, funds with similar characteristics, including those component units referenced above, are grouped into fund categories and fund types. The various funds are grouped in these financial statements as follows:

Governmental Funds

The General Fund- is the principal operating fund of the State and is used to account for all financial resources except for those accounted for in another fund.

Special Revenue Funds- to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for a specified purpose.

Capital Projects Funds- to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds- to account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the State is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds- to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governmental units, on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds- to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds, and (d) Agency Funds.

University Funds

Current Funds- to account for resources that will be expended in the near term for operating purposes. These include unrestricted funds over which the universities retain full control in achieving the institutions' purposes and restricted funds which may be utilized only in accordance with externally restricted purposes.

Loan, Endowment and Agency Funds- to account for assets in which the institutions act in a fiduciary capacity.

Plant Funds- to account for institutional property acquisition, renewal, replacement, debt service, and investment.

Component Units- to account for the financial activity of related component units of the universities. These entities are controlled by the universities and have been determined to meet the requirements to be reported as component units.

Account Groups

General Fixed Assets Account Group- to account for all fixed assets of the State not accounted for within a fund.

General Long-Term Debt Account Group- to account for all long-term debt of the State not accounted for within a fund.

D.Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual Basis- All governmental funds, Expendable Trust and Agency funds are accounted for using the modified accrual basis of accounting. The governmental and Expendable Trust funds are accounted for using the current financial resources measurement focus. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Receipts from other entities, taxpayer assessed revenues, fees, and refunds and reimbursements are recognized under the modified accrual basis of accounting. Licenses and permits, charges for services, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred. An exception to the general modified accrual expenditure recognition criteria is the principal and interest on general long-term debt which is recognized when due. Income tax

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

refunds are accrued for claims related to tax periods ended by June 30, of the fiscal year, and paid within sixty days. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Accrual Basis- All Proprietary, Nonexpendable Trust and Pension Trust funds are accounted for using the accrual basis of accounting. These funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements present increases (revenues) and decreases (expenses) in net total assets. Revenues are recognized when earned and expenses are recognized when incurred.

In reporting the financial activity of its proprietary funds, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The University funds are accounted for using the accrual basis of accounting, with the following exceptions:

1. Depreciation related to plant assets generally is not recorded.
2. Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

Lottery Revenues and Prizes

The Lottery uses an on-line instant verification system for the sale and validation of instant tickets. Instant ticket sales are recognized when a retailer settles a pack of tickets. Revenues for pull-tab games

are recognized upon the sale of tickets to the retail sales agents. Revenues for Lotto games are recognized after the jackpot drawings are held. Deferred revenue represents lotto tickets sold for future prize drawings.

The prize liabilities for the Lotto games are determined by actual matches and are recognized after the jackpot drawings are held.

E. Budgeting and Budgetary Control

The budget encompasses the General Fund of the State and some Special Revenue funds, (Workforce Development Withholding, Local Housing Assistance, Reversion Incentive Program, Pooled Technology Account, Technology Program, Tobacco Settlement Fund, Land Recycling Fund, Forestry Management Enhancement Fund, Gambling Treatment Program, Inspection and Appeals Use Tax Clearing, Underground Storage Tank Unassigned Revenue, Resources Enhancement and Protection, Fish and Game Fund, Conservation Administration Fund, Guaranteed Student Loan Administration, Real Estate Education, Special Contingency Fund, Administrative Contribution Surcharge, Unclaimed Winnings, Water Quality Protection, and Primary Road Fund). The budgetary Special Revenue funds do not meet the requirements to be displayed as Special Revenue funds in the GAAP financial statements; therefore, these budgeted funds represent a perspective difference in the reconciliation on page 61, Note 19. Capital Project funds are budgeted on a project-length basis. The budget is prepared on a modified accrual basis of accounting for both revenues and expenditures.

The State's budget (General Fund and some Special Revenue Funds) is prepared by the Governor on an annual basis and is required to be submitted along with proposed appropriation bills to the General Assembly by the first of February prior to the new fiscal year. When an appropriation bill is passed by both houses of the General Assembly, the bill is enrolled and sent to the Governor. The Governor may sign it into law or veto it in whole or in part on a line item basis. Funds may be disbursed only after appropriations have been allotted by the Department of Management, subject to the review of the Governor, with the exception of standing unlimiteds and certain receipts that the Departments are authorized to expend. Appropriations are allotted for expenditure on a quarterly basis.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Departments may request revisions to quarterly allotments, appropriations transfers, or supplemental appropriations. The Department of Management approves revised allotments, subject to the Governor's review. The General Assembly and the Governor act on supplemental appropriation bills in a manner similar to original appropriations. General fund supplemental appropriations totaled \$426,000 for fiscal year 2000. Appropriations lapse at fiscal year-end and all unencumbered or unobligated balances revert to the state treasury, unless otherwise provided.

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received or rendered, are recorded to reserve that portion of the applicable fund balance. Chapter 8, section 33, unnumbered paragraph 2, of the Code of Iowa, states, "No payment of an obligation for goods or services shall be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless the goods or services are received on or before the last day of the fiscal year, except that repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures for the purchase of land or the erection of buildings or new construction or remodeling, which were committed and in progress prior to the end of the fiscal year are excluded from this provision." That is, except for the above stated exceptions, the State must have received the goods or services on or before June 30, creating an actual liability, or the encumbrance is cancelled against that fiscal year. If the encumbrances are still valid after June 30, they become expenditures/expenses of the next fiscal year.

Budgetary control is essentially maintained at the departmental fund level except for certain grant and aid programs where control is maintained at a program level.

Revenues and expenditures are monitored on a continuing basis. State law authorizes the Governor to impose across-the-board pro rata reductions in allotments to ensure revenues and other available funds are sufficient to pay expenses of a given fiscal year.

Separate reports for the General and budgeted Special Revenue funds presenting detail of the legal level of control and actual expenditures are available from the Department of Management.

F.Cash, Investments, and Securities Lending

Cash in most funds is held in the state treasury and is commingled in State bank accounts and investments. The moneys of most funds are pooled together and invested as an investment pool by the Treasurer of State. However, moneys of some funds may be invested separately from the investment pool where permitted by statute.

Investment earnings of the investment pool are allocated to the individual funds as provided by statute. Income associated with one fund that has been assigned to another fund totaled \$56,337,487 for fiscal year 2000.

The Treasurer's deposits in financial institutions throughout the year and at year end were entirely covered by the Federal Deposit Insurance Corporation, or collateral held by the Treasurer of State's custodial banks in the Treasurer of State's name, or by the bank assessment provisions of Section 12C.23 of the Code of Iowa.

The Treasurer of State may invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit in Iowa financial institutions; prime bankers acceptances, commercial paper or other short-term corporate debt; perfected repurchase agreements; money market mutual funds organized in trust form; and other investments as permitted by Section 12B.10 of the Code of Iowa.

Investments are valued at fair value. Fair value is calculated at market price at the close of business on June 30 by independent pricing services utilized by the Treasurer's custodian bank. However, certain investments such as commercial paper, bankers acceptances, certificates of deposit, guaranteed investment contracts, and discount notes issued by government agencies are valued at amortized cost. (For Pension plans, see Note 18).

Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, investments readily convertible to known amounts of cash, and investments so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. In the statements of cash flows, investments with an original maturity of three months or less are considered cash equivalents.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

The Iowa Public Employees Retirement System (IPERS) and the Iowa Peace Officers' Retirement, Accident, and Disability System (PORS) (together the "Systems") participate in a securities lending program with the State's custodian bank. The participation of IPERS is authorized by the Code of Iowa and the participation of PORS is authorized by its Board of Trustees. The custodian bank is responsible for operating the program and is permitted to lend any of the securities it holds in custody for the Systems to broker-dealers and other entities in exchange for collateral. The custodian bank is permitted to accept collateral in the form of cash in U.S. dollars, U.S. government securities, or irrevocable letters of credit. A borrower is required to initially deliver collateral in an amount equal to 102 percent of the market value of any U.S. securities lent and 105 percent of the market value of any non-U.S. securities lent. Borrowers are required to provide additional collateral any time the value of the collateral drops below 100% of the value of the security lent plus accrued interest income. Securities received as collateral cannot be sold or pledged unless the borrower defaults. Securities lent at year-end for cash collateral are presented as unclassified in the schedule of custodial credit risk.

At year-end IPERS had \$20,908 in credit risk exposure to borrowers because the amounts they owed the System exceeded the amounts the System owed them. Additional collateral was provided the next business day, eliminating this exposure. At year-end PORS had no credit-risk exposure to borrowers. The contract with the custodian bank requires it to indemnify the System if a borrower fails to return the securities or fails to return all of the income attributable to securities on loan. As of June 30, 2000, the Systems had securities on loan, including accrued interest income, with a total value of \$534,351,709 against collateral with a total value of \$548,421,379.

The majority of securities loans are open loans, i.e. one day maturity, where the rebate rate due the borrower is renegotiated daily. All securities loans can be terminated on demand by either the Systems or the borrower. Cash collateral received from borrowers is invested in a cash collateral investment pool which is managed by the custodian bank in accordance with investment guidelines established by the Systems. The investment guidelines do not require a matching of investment maturities with loan maturities, but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not

matching the maturity of the investments with the loans. (See NOTE 2.)

G.Accounts Receivable

Accounts receivable have been established and offset with proper provisions for estimated uncollectible accounts where applicable. Practically all receivables of governmental funds are due from other governmental entities, primarily the federal government, and are considered collectible. Receivables in other funds have arisen in the ordinary course of business.

H.Interfund Receivables and Payables

During the course of its operations, the State has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been received or paid as of June 30, 2000, balances of interfund amounts receivable or payable have been recorded. (See NOTE 5.)

I.Inventories

Inventories are valued at cost, which approximates market. The first-in/first-out (FIFO) cost flow method is used for the majority of inventories. Throughout the year costs of inventories are recorded as expenditures when purchased. For financial reporting purposes, expenditures are adjusted at fiscal year end for material inventory amounts to correlate with the consumption method. Inventory asset amounts are not available for budgetary appropriation as they have been charged to expenditures when purchased rather than when used.

Food stamps are recorded as expenditures when disbursed. Amounts on hand at June 30 are reported at face value in the General Fund, offset by a like amount of deferred revenue.

J.Fixed Assets

All purchased fixed assets are recorded at cost or, if cost is not practically determinable, at estimated cost. Donated fixed assets are recorded at fair market value at the date of acquisition. Infrastructure assets such as highways, curbs, bridges, and lighting systems are not capitalized.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Primary Government

Governmental funds- fixed assets are accounted for in the General Fixed Assets Account Group. Depreciation is not recorded for general fixed assets and interest during construction is considered immaterial and is not capitalized.

Expendable Trust funds - fixed assets are referred to as fund fixed assets and are accounted for in the acquiring fund. Depreciation is not recorded.

Proprietary, Nonexpendable, and Pension Trust funds- fixed assets are referred to as fund fixed assets and are accounted for in the acquiring fund. Interest during construction is capitalized and depreciation is recorded on a straight-line basis over the assets' estimated useful lives. The following lives are used:

Buildings	40-50 years
Improvements Other Than Buildings	20-50 years
Equipment	2-20 years
Vehicles	3-10 years

Component Units

Estimated useful lives, in years, are as follows:

Buildings	20-40 years
Improvements Other Than Buildings	40 years
Equipment	3-10 years
Vehicles	5-10 years

K.Compensated Absences

State employees accrue vacation, sick, and compensatory leave at rates specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused vacation leave is payable upon termination of employment. Accumulated unused sick leave is payable only upon retirement and only to limits specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused compensatory leave is payable at fiscal year end.

Compensated absences liability for governmental funds and Expendable Trust funds are recorded in the General Long-Term Debt Account Group. For all other funds the liability is recorded as a liability of the fund. Compensated absences liability is determined based on current rates of pay.

L.Bond Discounts/Issuance Costs

In governmental fund types, bond discount and issuance costs are recognized in the current period, except for capital appreciation bonds which report discounts similar to proprietary fund types. Bond discounts and issuance costs for proprietary fund types are generally deferred and amortized over the terms of the bonds using the bonds-outstanding method or straight-line method, which approximates the effective interest method. Bond issuance costs in university funds are generally deferred and amortized over the term of the bonds using the straight-line method which approximates the effective interest method.

M.Interfund Transactions

Quasi-External Transactions- Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the state are accounted for as revenues, expenditures, or expenses in the funds involved.

Reimbursements- Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers- Nonrecurring or nonroutine transfers between funds are reported as additions to or deductions from the beginning fund equity balance.

Operating Transfers- Legally authorized transfers other than residual equity transfers are reported as operating transfers in the financial statements.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

N.Totals (Memorandum Only)

Total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. The amounts displayed in these columns do not present consolidated financial information. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH, INVESTMENTS AND SECURITIES LENDING

CASH

Primary Government

The carrying amount of cash at June 30 is \$1,167,772,646 and the bank balance is \$1,203,805,752. The bank balance at June 30 is insured or collateralized as follows: \$1,203,213,915 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$591,837 is uninsured or uncollateralized.

Component Units

The carrying amount of cash at June 30 is \$26,534,049 and the bank balance is \$26,533,563. The bank balance at June 30 is insured or collateralized as follows: \$26,473,651 is covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$59,912 is uninsured or uncollateralized.

INVESTMENTS

Primary Government

Investments at June 30, 2000, are categorized below by credit risk (expressed in thousands). The three types of credit risk are:

Category 1 - Insured or registered securities or securities held by the State or its agent in the State's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities.)

All Fund Types except Pension Trust & University Funds

	Category 1	Fair Value
U.S. Government Securities	\$ 729,544	\$ 729,544
Equity Securities	54	54
Fixed Income Securities	172,840	172,840
Repurchase Agreements	<u>6,694</u>	<u>6,694</u>
	<u>\$ 909,132</u>	909,132
Unclaimed Property		8,310
Money Markets & Mutual Funds		375,041
Investment Agreements		99,169
Investment Pools		6,000
Real Estate		<u>8</u>
Total Investments		<u>\$1,397,660</u>

Pension Trust Funds

	Category 1	Fair Value
U.S. Government Securities	\$ 1,654,448	\$ 1,654,448
Domestic Equity Securities	2,872,218	2,872,218
Domestic Fixed Income Securities	1,407,719	1,407,719
International Securities	1,233,511	1,233,511
Foreign Currency	<u>468,630</u>	<u>468,630</u>
	<u>\$ 7,636,526</u>	7,636,526
Securities on Loan		534,352
Mutual and Commingled Funds		7,420,127
Short Term Investment Funds		427,134
Real Estate Partnerships		626,508
Investment in Private Equity		1,480,790
Securities Lending		
Short-Term Collateral Investment Pool		<u>546,547</u>
Total Investments		<u>\$ 18,671,984</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

University Funds

	Category		Fair
	1	2	Value
U.S. Government Securities	\$ 15,769	\$ 629,593	\$ 645,362
Common & Preferred Stock	-	172,461	172,461
Corporate Notes	879	16,430	17,309
Corporate Bonds	2	59,878	59,880
Other	<u>4,497</u>	<u>70</u>	<u>4,567</u>
	<u>\$ 21,147</u>	<u>\$ 878,432</u>	899,579
Money Market & Mutual Funds			189,105
Investment Pools			3,303
Real Estate			<u>537</u>
Total Investments			<u>\$ 1,092,524</u>

Cash & Investment Reconciliation

Investments Per Preceding Schedules:

Other Than Pension Trust & University Funds	\$ 1,397,660
Pension Trust	18,671,984
Universities	<u>1,092,524</u>
Total	\$ 21,162,168
Cash	1,167,773
Outstanding Warrants	(107,676)
Other Reconciling Items	<u>(47,921)</u>
Cash & Investments	<u>\$ 22,174,344</u>

Component Units

Investments at June 30, 2000, are categorized below by credit risk (expressed in thousands). The three types of credit risk are:

Category 1 - Insured or registered securities or securities held by the component unit or its agent in the component unit's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the component unit's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the component unit's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities.)

	Category			Fair
	1	2	3	Value
U.S. Government Securities	\$ 34,901	\$ 186,518	\$ 87	\$ 221,506
Common & Preferred Stock	2,278	100	-	2,378
Repurchase Agreements	<u>16,230</u>	<u>52,177</u>	<u>-</u>	<u>68,407</u>
	<u>\$ 53,409</u>	<u>\$ 238,795</u>	<u>\$ 87</u>	292,291
Money Markets & Mutual Funds				28,980
Investment Agreements				306,183
Investment Pools				<u>4,297</u>
Total Investments				<u>\$ 631,751</u>

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 631,751
Cash	<u>26,534</u>
Cash & Investments	<u>\$ 658,285</u>

DEPOSITS WITH TRUSTEES

Primary Government

The carrying amount of cash at June 30 is \$42,688,789 and the bank balance is \$42,340,014. The bank balance at June 30 is insured as follows: \$42,340,014 is covered by Federal depository insurance or by collateral held by the State's agent in the State's name.

The investments at June 30, 2000, for Deposit With Trustees are as follows (expressed in thousands):

	Category		Fair
	1	2	Value
U. S. Government Securities	\$ -	\$ 7,268	\$ 7,268
Repurchase Agreements	<u>1,157</u>	<u>-</u>	<u>1,157</u>
	<u>\$ 1,157</u>	<u>\$ 7,268</u>	8,425
Mutual Funds			6,203
Guaranteed Investment Contracts			<u>3,411</u>
Total Investments			<u>\$ 18,039</u>

Cash & Investment Reconciliation

Investments Per Above Schedule	\$ 18,039
Cash	<u>42,689</u>
Deposits With Trustees	<u>\$ 60,728</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - TRANSFERS

Transfers for the year ended June 30, 2000, are presented below (expressed in thousands):

	TRANSFERS IN							Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	University	
TRANSFERS OUT								
Primary Government:								
General	\$ -	\$ 6,980	\$ 49,075	\$ 654	\$ 4,939	\$ 1,993	\$ 709,054	\$ 772,695
Special Revenue	58	-	446	-	-	-	-	504
Capital Projects	4,240	-	-	-	-	-	-	4,240
Enterprise	82,179	-	-	-	-	-	-	82,179
Internal Service	897	-	-	-	44,494	-	-	45,391
Expendable Trust	7,508	8	4	-	-	3,160	-	10,680
Nonexpendable Trust	-	-	-	-	-	10	-	10
Subtotal	94,882	6,988	49,525	654	49,433	5,163	709,054	915,699
Component Units	6,377	-	-	-	-	-	-	6,377
Total	\$ 101,259	\$ 6,988	\$ 49,525	\$ 654	\$ 49,433	\$ 5,163	\$ 709,054	\$ 922,076

NOTE 4 - RECEIVABLES

Receivables at June 30, 2000, consisted of the following (expressed in thousands):

	Accounts Receivable	Taxes Receivable	Interest Receivable	Notes Receivable	Loans Receivable	Benefit Over- payment	Subtotal	Less: Allowances for Uncollectibles	Total
Primary Government:									
General	\$ 520,097	\$ 409,804	\$ -	\$ -	\$ 151,515	\$ -	\$ 1,081,416	\$ 30,553	\$ 1,050,863
Special Revenue	786	-	-	-	-	-	786	-	786
Capital Projects	783	-	1	-	-	-	784	-	784
Enterprise	8,253	318	111	-	-	-	8,682	708	7,974
Internal Service	2,945	5	7	-	-	-	2,957	-	2,957
Expendable Trust	1,654	66,764	3	42	-	25,015	93,478	11,494	81,984
Pension Trust	278,159	-	43,155	-	-	-	321,314	-	321,314
Agency	56,294	-	-	-	-	-	56,294	-	56,294
University	302,970	-	10,203	73,399	-	-	386,572	88,087	298,485
Subtotal	1,171,941	476,891	53,480	73,441	151,515	25,015	1,952,283	130,842	1,821,441
Component Units	<u>496</u>	<u>-</u>	<u>7,062</u>	<u>170</u>	<u>265,765</u>	<u>-</u>	<u>273,493</u>	<u>298</u>	<u>273,195</u>
Total	\$ 1,172,437	\$ 476,891	\$ 60,542	\$ 73,611	\$ 417,280	\$ 25,015	\$ 2,225,776	\$ 131,140	\$ 2,094,636

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - INTERFUND RECEIVABLE/PAYABLE

Interfund receivables and payables include current due from/to other funds at June 30, 2000, along with receivables and payables which may be long-term in nature.

Interfund due from/to other funds, at June 30, 2000, are summarized as follows (expressed in thousands):

	DUE FROM OTHER FUNDS										
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	Agency	University Funds	Sub-total	Component Units	Total
DUE TO OTHER FUNDS											
Primary Government:											
General	\$ -	\$ 1,740	\$ 2,886	\$ 2,898	\$ 30,716	\$ 850	\$ 34,324	\$ -	\$ 73,414	\$ -	\$ 73,414
Special Revenue	228	106	252	3	1	-	-	-	590	-	590
Capital Projects	478	-	37	-	-	-	-	-	515	-	515
Enterprise	3,130	-	-	20	59	-	-	-	3,209	-	3,209
Internal Service	99	-	-	11	1,227	-	1	-	1,338	-	1,338
Expendable Trust	1,704	-	2	1	12	24	-	-	1,743	-	1,743
Nonexpendable Trust	-	-	-	-	-	80	-	-	80	-	80
Agency	21,931	104	128	304	5,846	1,017	181	-	29,511	-	29,511
University Funds	-	-	-	-	-	-	-	1,085	1,085	-	1,085
Subtotal	27,570	1,950	3,305	3,237	37,861	1,971	34,506	1,085	111,485	-	111,485
Component Units	-	-	-	-	-	-	-	-	-	1,095	1,095
Total	\$ 27,570	\$ 1,950	\$ 3,305	\$ 3,237	\$ 37,861	\$ 1,971	\$ 34,506	\$ 1,085	\$ 111,485	\$ 1,095	\$ 112,580

Interfund receivables/payables at June 30, 2000, are detailed below (expressed in thousands):

	Due From	Due To		Due From	Due To
General Fund	\$ 27,570	\$ 73,414	Nonexpendable Trust Funds:		
Special Revenue Funds:			Iowa Braille & Sight Saving School	-	80
Clarinda Correctional Facility			Total Nonexpendable Trust Funds	-	80
Telephone Rebate	119	174	Agency Funds:		
HAWK-I Trust	1,532	44	Centralized Payroll Trustee	-	5,914
Mt. Pleasant Correctional Center			Other Agency Funds	34,506	23,597
Telephone Rebate	3	15	Total Agency Funds	34,506	29,511
Iowa Public Television Foundation	1	-	University Funds:		
Other Special Revenue Funds	295	357	Unrestricted	1,048	67
Total Special Revenue Funds	1,950	590	Restricted	15	81
Capital Project Funds:			Endowments & Similar Funds	-	937
General Services Capital	1,293	1	Retirement of Indebtedness	22	-
Resources Enhancement & Protection	1,161	429	Total University Funds	1,085	1,085
Other Capital Project Funds	851	85			
Total Capital Project Funds	3,305	515	Subtotal	111,485	111,485
Enterprise Funds:			Component Units:		
Iowa Communications Network	2,933	116	Iowa State Fair Authority	1,095	1,095
Iowa Lottery	-	3,073	Total Component Units	1,095	1,095
Underground Storage Tank Insurance	303	-	Total Due From/Due To	112,580	112,580
Other Enterprise Funds	1	20			
Total Enterprise Funds	3,237	3,209			
Internal Service Funds:			Advances To	Advances From	
Materials & Equipment - Revolving	1,950	8			
Health Insurance Premium Reserve	668	-	General Fund	-	1,776
Health Insurance Premium Operating	4,683	-	Internal Service Funds		
Depreciation Revolving	1,905	4	Innovations Fund	679	-
Other Internal Service Funds	28,655	1,326	General Services - General Office	-	269
Total Internal Service Funds	37,861	1,338	Expendable Trust Funds		
Expendable Trust Funds:			Unemployment Benefits	1,366	-
Unemployment Benefits	134	142	Total Advances From/Advances To	2,045	2,045
Unclaimed Property	-	1,422			
Grain Indemnity	144	1	Grand Total	\$ 114,625	\$ 114,625
Other Expendable Trust Funds	1,693	178			
Total Expendable Trust Funds	1,971	1,743			

STATE OF IOWA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS

Changes in general fixed assets for the year ended June 30, 2000, are summarized as follows (expressed in thousands):

	Balance July 1	Addi- tions	Deletions/ Net Transfers	Adjust- ments	Balance June 30
Land	\$ 147,688	\$ 14,647	\$ 1,116	\$ 48	\$ 161,267
Buildings	612,302	38,796	3,006	494	648,586
Improvements Other Than Buildings	21,778	2,145	96	507	24,334
Equipment	237,218	27,033	22,118	(11,049)	231,084
Vehicles	40,673	10,622	6,665	(15)	44,615
Construction in Progress	<u>60,105</u>	<u>31,883</u>	<u>11,337</u>	<u>(968)</u>	<u>79,683</u>
Total	<u>\$ 1,119,764</u>	<u>\$ 125,126</u>	<u>\$ 44,338</u>	<u>\$(10,983)</u>	<u>\$ 1,189,569</u>

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 2000, consisted of buildings costing \$800,617, and equipment costing \$6,184,778.

A summary of Proprietary fund type, Expendable Trust, Pension Trust, University and Component Unit fixed assets as of June 30, 2000, follows (expressed in thousands):

	Enter- prise	Internal Service	Expendable Trust	Pension Trust	University	Subtotal	Component Units	Total
Land	\$ 747	\$ -	\$ -	\$ 500	\$ 19,394	\$ 20,641	\$ 2,654	\$ 23,295
Buildings	8,154	676	-	3,106	1,831,624	1,843,560	29,171	1,872,731
Improvements Other Than Buildings	-	-	-	-	398,466	398,466	2,705	401,171
Equipment	165,871	206,770	446	3,022	983,306	1,359,415	2,688	1,362,103
Vehicles	1,783	3,129	-	-	-	4,912	475	5,387
Construction In Progress	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,176</u>	<u>80,416</u>	<u>4,030</u>	<u>84,446</u>
Total	176,795	210,575	446	6,628	3,312,966	3,707,410	41,723	3,749,133
Less Accumulated Depreciation	<u>94,153</u>	<u>118,567</u>	<u>-</u>	<u>2,388</u>	<u>1,359</u>	<u>216,467</u>	<u>10,558</u>	<u>227,025</u>
Total	<u>\$ 82,642</u>	<u>\$ 92,008</u>	<u>\$ 446</u>	<u>\$ 4,240</u>	<u>\$ 3,311,607</u>	<u>\$ 3,490,943</u>	<u>\$ 31,165</u>	<u>\$ 3,522,108</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - INVESTMENT IN PRIZE ANNUITIES AND ANNUITY PRIZES PAYABLE

Assets totaling \$64,047,506, which includes \$159,095 of prepaid expense, are held by the Iowa Lottery for the purpose of paying installment prizes which have already been won but will not be completely paid until 2018. Annuity Prizes Payable does not include an additional liability of \$28,595 to taxing authorities which is classified as accounts payable. The following is a schedule of future payments (expressed in thousands):

Year Ending June 30,	Current	Long-Term	Total Payments
2001	\$ 10,018	-	10,018
2002	-	10,018	10,018
2003	-	10,020	10,020
2004	-	10,018	10,018
2005	-	10,018	10,018
2006-2018	<u>-</u>	<u>42,890</u>	<u>42,890</u>
Total Future Value	10,018	82,964	92,982
Less: Unamortized Discount	<u>334</u>	<u>28,629</u>	<u>28,963</u>
Present Value of Payments	<u>\$ 9,684</u>	<u>\$ 54,335</u>	<u>\$ 64,019</u>

NOTE 8 - GENERAL LONG-TERM DEBT ACCOUNT GROUP

Changes in general long-term obligations for the year ended June 30, 2000, are summarized as follows (expressed in thousands):

	Balance July 1	Additions	Deletions	Balance June 30
Compensated Absences	\$ 97,176	\$ 103,443	\$ 98,051	\$ 102,568
Capital Leases	3,765	959	1,340	3,384
Revenue Bonds Payable	181,120	-	8,700	172,420
Other Financing Arrangements Payable	9,875	684	3,520	7,039
Installment Purchases	<u>599</u>	<u>165</u>	<u>141</u>	<u>623</u>
Subtotal	<u>292,535</u>	<u>105,251</u>	<u>111,752</u>	<u>286,034</u>
Other Liabilities:				
Risk Management Liability	11,500	3,792	3,792	11,500
Medicaid IBNR	12,700	13,046	12,700	13,046
Public Defense Claims	1,719	-	104	1,615
Tobacco Legal Fee Liability	-	44,000	7,192	36,808
Pension Liability	1,724	-	1,509	215
College Aid Federal Liability	17,939	152	6,030	12,061
General Claims	<u>1,195</u>	<u>1,116</u>	<u>1,195</u>	<u>1,116</u>
Subtotal Other Liabilities	<u>46,777</u>	<u>62,106</u>	<u>32,522</u>	<u>76,361</u>
Total	<u>\$ 339,312</u>	<u>\$ 167,357</u>	<u>\$ 144,274</u>	<u>\$ 362,395</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - CAPITAL LEASES

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 2.21% to 18.64%. The leases expire before June 30, 2020, and some also require the payment of normal maintenance charges.

General Long-Term Debt Account Group

Capital leases in the General Long-Term Debt Account Group are anticipated to be paid with general revenues of the General Fund. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2001	\$ 1,471	\$ 173	\$ 1,644
2002	948	98	1,046
2003	428	51	479
2004	313	28	341
2005	176	9	185
Thereafter	<u>48</u>	<u>2</u>	<u>50</u>
Total	<u>\$ 3,384</u>	<u>\$ 361</u>	<u>\$ 3,745</u>

Enterprise Funds

The following is a schedule by year of future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2001	\$ 6	\$ 2	\$ 8
2002	6	1	7
2003	5	1	6
2004	<u>6</u>	<u>-</u>	<u>6</u>
Total	<u>\$ 23</u>	<u>\$ 4</u>	<u>\$ 27</u>

University Funds

The following is a schedule by year of future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2001	\$ 5,116	\$ 2,210	\$ 7,326
2002	4,236	1,968	6,204
2003	4,089	1,760	5,849
2004	3,742	1,563	5,305
2005	6,344	1,383	7,727
Thereafter	<u>20,973</u>	<u>8,741</u>	<u>29,714</u>
Total	<u>\$ 44,500</u>	<u>\$ 17,625</u>	<u>\$ 62,125</u>

NOTE 10 - INSTALLMENT PURCHASES

The State has entered into installment purchase contracts to finance various acquisitions and construction projects. The contracts have interest rates ranging from 4.75% to 5.67%.

General Long-Term Debt Account Group

Installment purchases in the General Long-Term Debt Account Group are anticipated to be paid with general revenues of the General Fund. The following is a schedule by year of future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2001	\$ 193	\$ 36	\$ 229
2002	119	22	141
2003	126	15	141
2004	133	8	141
2005	<u>52</u>	<u>2</u>	<u>54</u>
Total	<u>\$ 623</u>	<u>\$ 83</u>	<u>\$ 706</u>

NOTE 11 - OTHER FINANCING ARRANGEMENTS PAYABLE

Loans and Contracts Payable

The Iowa Department of Natural Resources has entered into agreements for facilities and land for a total of \$5,063,291. The agreements range from 22 to 25 years with interest rates ranging from 3.92% to 9.35%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

General Long-Term Debt

Year ending June 30,	Principal	Interest	Total
2001	\$ 144	\$ 121	\$ 265
2002	153	112	265
2003	162	102	264
2004	172	92	264
2005	184	80	264
Thereafter	<u>1,279</u>	<u>295</u>	<u>1,574</u>
Total	<u>\$ 2,094</u>	<u>\$ 802</u>	<u>\$ 2,896</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Enterprise Funds

The Iowa Communications Network has entered into agreements for equipment for the implementation of the Iowa Hub for a total of \$999,200. The agreements are for 5 years with an interest rate of 5.7%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2001	\$ 213	\$ 17	\$ 230
2002	<u>115</u>	<u>5</u>	<u>120</u>
Total	<u>\$ 328</u>	<u>\$ 22</u>	<u>\$ 350</u>

University Funds

The University of Iowa and Iowa State University have entered into agreements for equipment and various facility projects for a total of \$8,418,000. The agreements range from 12 to 13 years with interest rates ranging from 4.83% to 5.95%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2001	\$ 909	\$ 362	\$ 1,271
2002	958	312	1,270
2003	1,010	260	1,270
2004	958	205	1,163
2005	692	154	846
Thereafter	<u>2,326</u>	<u>376</u>	<u>2,702</u>
Total	<u>\$ 6,853</u>	<u>\$ 1,669</u>	<u>\$ 8,522</u>

Certificates of Participation

General Long-Term Debt

The Department of Corrections and the First, Third, Fifth and Sixth Judicial Districts have sold certificates of participation for land and facilities for a total of \$11,690,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over periods from 6 to 20 years with interest rates ranging from 3.80% to 7.25%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year ending June 30,	Principal	Interest	Total
2001	\$ 1,225	\$ 303	\$ 1,528
2002	540	229	769
2003	575	198	773
2004	625	136	761
2005	455	103	558
Thereafter	<u>1,525</u>	<u>225</u>	<u>1,750</u>
Total	<u>\$ 4,945</u>	<u>\$ 1,194</u>	<u>\$ 6,139</u>

The Iowa Department of General Services has sold certificates of participation for the Iowa Communications Network of \$114,530,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over the next 7 years with interest rates ranging from 3.65% to 6.25%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Enterprise Funds

Year ending June 30,	Principal	Interest	Total
2001	\$ 9,040	\$ 4,421	\$ 13,461
2002	9,560	3,876	13,436
2003	10,125	3,286	13,411
2004	10,745	2,643	13,388
2005	11,415	1,944	13,359
Thereafter	<u>25,035</u>	<u>1,610</u>	<u>26,645</u>
Total	75,920	<u>\$ 17,780</u>	<u>\$ 93,700</u>
Unamortized Discount	<u>518</u>		

Certificates of Participation Payable	<u>\$ 75,402</u>
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STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 - BONDS PAYABLE

Revenue bonds payable at June 30, 2000, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATE	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
PRIMARY GOVERNMENT:					
General Long-Term Debt Account Group					
Revenue Bonds					
<i>Term Bonds</i>					
Underground Storage Tank	1991 & 1994	\$13,155	Variable	2010-2015	\$ 13,155
Department of Corrections	1994-1996	33,510	Variable	2014-2016	<u>33,510</u>
Total					<u>\$ 46,665</u>
<i>Serial Bonds</i>					
Underground Storage Tank	1991 & 1994	\$99,130	Variable	1991-2012	\$ 65,920
Department of Corrections	1994-1996	64,530	Variable	2014-2016	<u>51,010</u>
Total					<u>\$ 116,930</u>
<i>Capital Appreciation Bonds</i>					
Underground Storage Tank	1991	\$10,175	Variable	2001-2004	\$ 10,175
Unamortized Issuance Costs and Discounts					<u>(1,350)</u>
Total					<u>\$ 8,825</u>
Total General Long-Term Debt Account Group					<u>\$ 172,420</u>
University Funds					
Revenue Bonds					
University of Northern Iowa	1964-2000	\$ 111,191	3.00-8.25%	1966-2023	\$ 88,804
University of Iowa	1964-2000	436,615	3.00-9.00	1967-2022	263,280
Iowa State University	1964-2000	288,780	3.00-7.50	1967-2028	<u>221,065</u>
Total University Funds					<u>\$ 573,149</u>
COMPONENT UNITS:					
Proprietary Funds					
Revenue Bonds					
Iowa Finance Authority	1977-2000	\$ 1,121,374	Variable	1999-2032	\$ 531,017
Iowa Higher Education Loan Authority	1984-1996	71,485	Variable	1999-2016	<u>45,275</u>
Total					576,292
Unamortized Issuance Costs and Discounts					<u>(8,754) *</u>
Total Component Units					<u>\$ 567,538</u>
*Includes unamortized issuance costs and discounts of \$8,687,384 for the Iowa Finance Authority and \$66,316 for the Iowa Higher Education Loan Authority.					

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Underground Storage Tank

The Iowa Finance Authority has issued term bonds, serial bonds, and capital appreciation bonds to finance the Underground Storage Tank Financial Responsibility Program. The program provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators. The bonds are payable solely from specific revenues and assets of the Underground Storage Tank Fund.

The obligations do not constitute a debt of the State of Iowa nor of the Iowa Finance Authority and neither is liable for any repayments.

In prior years, the Iowa Finance Authority defeased certain Iowa Underground Storage Tank Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 and 1991 Series terms bonds. As a result, the 1990 and 1991 Series Term bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. As of June 30, 2000, bonds totaling \$39,685,000 were considered defeased.

Iowa Department of Corrections

The Iowa Finance Authority has issued term and serial bonds for the purpose of financing the construction or renovation of correctional facilities in the State. The Iowa Department of Corrections administers the State's correctional facilities and authorizes expenditures under the program. The bonds are payable solely from monies deposited in the Iowa Prison Infrastructure Fund maintained by the Treasurer of State, currently required by state law to be the first \$9,500,000 of monies remitted to the Treasurer of State each fiscal year from certain fees and fines collected from the clerks of district court in criminal cases, investment earnings on monies in the Iowa Prison Infrastructure Fund, and from other amounts pledged therefore under the bond indenture. These obligations do not constitute a debt of the State of Iowa, nor of the Iowa Finance Authority, and neither is liable for any repayments.

Universities

Iowa State University, the University of Northern Iowa and the University of Iowa have issued revenue bonds for the construction of buildings, facilities, utilities and equipment. The bonds are payable principally from tuition and user fee revenues.

In September 1999, Iowa State University issued \$13,220,000 in Utility Systems Revenue Refunding Bond Series I.S.U. 1999B with an average interest rate of 4.57% to advance refund \$13,075,000 of Utility System Revenue Bonds, Series 1985 (second issue) with an average interest rate of 6.65%. The proceeds were placed in an irrevocable trust pursuant to an escrow agreement with a bank to provide for all future debt service on the refunded bonds. As a result, these bonds are considered defeased and the liability for these bonds has been excluded from the balance sheet.

The advance refunding resulted in the recognition of an accounting loss of \$145,000 for the year ended June 30, 2000, a decrease in future aggregate debt service of \$1,977,066, and an economic gain (difference between present values of the old and new debt service payments) of \$1,335,740.

During fiscal year 2000, the University of Iowa issued \$17,180,000 in Utility System Revenue Refunding Bonds, Series S.U.I. 1999B, with an average interest rate of 4.668% to advance refund \$16,475,000 of outstanding Utility System Revenue Bonds, series S.U.I. 1985 Second Series with an average interest rate of 7.081%. Net bond proceeds of \$16,981,781 were placed in an irrevocable escrow account with trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Utility System Revenue Bonds, S.U.I. 1985 Second Series were called on November 1, 1999. As a result, the debt has been considered defeased and therefore removed as a liability from the balance sheet.

The advance refunding resulted in the recognition of an accounting loss of \$506,781 for the year ended June 30, 2000, a decrease in aggregate debt service of \$2,993,023 over the next fifteen years, and an economic gain (difference between present values of the old and new debt service payments) of \$2,067,269.

In prior years, the University of Iowa defeased certain revenue bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 2000, bonds totaling \$11,965,000 for the University of Iowa were considered defeased.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Iowa Finance Authority

The Iowa Finance Authority is authorized and has issued bonds, the proceeds of which are used to provide authorized mortgage financing. The bonds are payable principally from repayments of such mortgage loans. The obligations do not constitute a debt of the State of Iowa and the State is not liable for any repayments.

The bonds are secured, as described in the applicable bond resolution, by revenues, moneys, investments, mortgage loans, and other assets in the funds and accounts established by the respective bond resolutions.

The Single Family Mortgage, Single Family Housing and the Multi-Family Bond Resolutions contain covenants which require the Iowa Finance Authority to make payments of principal and interest from amounts available should deficiencies occur in the funds established for such payments by the respective bond resolutions.

On June 14, 2000, the Iowa Finance Authority issued Single Family Mortgage Bonds, 2000 Series D, E, and F, in the par amount of \$67,115,000 with interest rates of 5.00 percent to 6.40 percent in part to refund and defease \$17,115,000 of Single Family Mortgage Revenue Bonds, 1989 Issue A, with interest rates of 7.00 percent to 7.90 percent. Proceeds of \$17,115,000 from the issuance of the 2000 Series D, E, and F along with \$1,351,735 of 1989 Issue A funds (consisting of loan prepayments and excess revenues) were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for the August 1, 2000, redemption of all 1989 Issue A bonds.

The refunding resulted in the recognition of an accounting loss of \$333,983 for the year ended June 30, 2000, decreased future aggregate debt service payments by approximately \$7,064,000 and obtained a present value savings (difference between the present value of the debt service payments on the old and new debt) of approximately \$1,747,000.

Iowa Higher Education Loan Authority

The Iowa Higher Education Loan Authority is authorized and has issued bonds to provide educational loans to students and facility loans to private educational institutions in the State of Iowa. The bonds are payable primarily from interest and principal payments of the educational and facility loans.

The Iowa Higher Education Loan Authority has no taxing authority and bonds issued do not constitute a debt, liability, or obligation of the State of Iowa or any political subdivision thereof.

Primary Government:

Future bond debt service requirements for bonds of the Primary Government are as follows (expressed in thousands):

General Long-Term Debt Account Group

Year ending June 30,	Principal	Interest	Total
2001	\$ 9,705	\$ 8,257	\$ 17,962
2002	10,260	7,799	18,059
2003	10,600	7,466	18,066
2004	10,890	7,128	18,018
2005	11,325	6,692	18,017
Thereafter	<u>120,990</u>	<u>33,141</u>	<u>154,131</u>
Total	<u>\$ 173,770</u>	<u>\$ 70,483</u>	<u>\$ 244,253</u>

University Funds

Year ending June 30,	Principal	Interest	Total
2001	\$ 35,359	\$ 27,990	\$ 63,349
2002	37,166	27,327	64,493
2003	39,787	25,929	65,716
2004	38,446	25,302	63,748
2005	35,118	24,495	59,613
Thereafter	<u>387,273</u>	<u>168,724</u>	<u>555,997</u>
Total	<u>\$ 573,149</u>	<u>\$ 299,767</u>	<u>\$ 872,916</u>

Component Units:

Future revenue bond debt service requirements for bonds of the Component Units are as follows (expressed in thousands):

Proprietary Funds

Year ending June 30,	Principal	Interest	Total
2001	\$ 22,448	\$ 28,306	\$ 50,754
2002	16,115	29,217	45,332
2003	18,400	28,502	46,902
2004	19,185	27,668	46,853
2005	19,845	26,754	46,599
Thereafter	<u>480,299</u>	<u>312,272</u>	<u>792,571</u>
Total	<u>\$ 576,292</u>	<u>\$ 452,719</u>	<u>\$ 1,029,011</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - LEASE OBLIGATIONS FROM DISCONTINUED OPERATIONS OF PRIOR YEARS

The aggregate amounts of required payments on noncancellable leases and receipts from the related subleases at June 30, 2000, are as follows (expressed in thousands):

Year ending June 30,	Lease	Sublease	Net
2001	\$ 62	\$ 47	\$ 15
2002	48	32	16
2003	48	21	27
2004	48	21	27
2005	43	20	23
Thereafter	<u>47</u>	<u>34</u>	<u>13</u>
Total	\$ 296	\$ 175	\$ 121
Less Amount Representing Interest	<u>59</u>	<u>33</u>	<u>26</u>
Present Value of Lease Obligation	<u>\$ 237</u>	<u>\$ 142</u>	<u>\$ 95</u>

NOTE 14 - DEFICIT RETAINED EARNINGS

Funds reporting a deficit fund position at June 30, 2000 (expressed in thousands):

Fund Type/Fund Name	Deficit Balances
Enterprise:	
Iowa Communications Network	\$ 34,297
Internal Service:	
Regents Auto Liability	45

NOTE 15 - FUND BALANCE - RESERVE FOR SPECIFIC PURPOSES

The Reserve for Specific Purposes Fund Balance in the General Fund represents the portion of fund balance legally segregated for a specific future use. A summary of these reserves at June 30, 2000, (expressed in thousands):

Primary Road	\$ 183,396
Iowa Infrastructure	114,783
Road Use Tax	77,604
Tobacco Settlement Fund	68,201
Revitalize Iowa's Sound Economy	57,783
Underground Storage Tank Remedial	55,421
Unassigned Revenue	37,755
General Operations	37,025
Motor Vehicle Fuel Tax Unapportioned	35,122
Default Collections	34,439
UST Innocent Landowners	33,032
Farm to Market Road Funds	27,581
Strategic Investment Fund	16,896
Underground Storage Tank Capital Reserves	9,637
Underground Storage Tank Revenue	9,487
Guaranteed Student Loan Administration	8,396
Enhanced Court Collections Fund	7,499
Air Contaminant Source	5,566
Waste Tire Management Fund	4,194
Workforce Development Fund	4,154
Fish and Game	4,137
Local Housing Assistance Program	3,902
UST Marketability Fund	3,416
Iowa School for the Deaf	1,594
DOT SIB Fund	1,394
Exxon Oil Overcharge Settlement	1,315
Petroleum Overcharge #5	952
Underground Storage Tank Loan Guarantee	944
Motor Vehicle Fuel Tax	767
Grade Crossing Surface Repair	484
ICSAC - Default Reduction Act	475
Friends Funded Programming	468
Motor Vehicle Fuel Tax Unapportioned - DOT	440
Shelter Assistance Fund	436
Manure Storage Indemnity	390
DCI - Background Prepayments	339
Iowa Improvement Fund	326
Asset Sharing	175
Commerce Insurance Division Regulatory	173
Sixth Judicial District	169
Dual Party Relay System	150
Third Judicial District	104
Litigation Defense	101
Other	<u>820</u>
Total	<u>\$ 851,442</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 - OPERATING LEASES

The State has leased office space and equipment. These leases have been classified as operating leases and accordingly, all rents are charged to expense as incurred. These leases expire before June 30, 2041, and require various minimum annual rentals. Certain leases are renewable for additional periods. Some leases also require the payment of normal maintenance and insurance on the leased properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following are schedules by year of future minimum rental payments required under operating leases which have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2000 (expressed in thousands):

Primary Government:

Year ending June 30,

2001	\$ 18,119
2002	13,273
2003	10,218
2004	7,991
2005	5,075
Thereafter	<u>8,632</u>
Total	<u>\$ 63,308</u>

All leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the legislature.

Rental expense for the year ended June 30, 2000, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$22,892,489.

Component Units:

Year ending June 30,

2001	\$ 185
2002	180
2003	128
2004	128
2005	128
Thereafter	<u>143</u>
Total	<u>\$ 892</u>

Rental expense for the year ended June 30, 2000, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$262,321.

NOTE 17 - LESSOR OPERATING LEASES

The Iowa Department of Natural Resources has tracts of land valued at \$9,328,168 that have been leased for agricultural purposes. Glenwood State Hospital School has leased building space valued at \$1,389,688. Iowa Public Television leases antenna and building space, no value has been assigned to the leased portions. The Iowa Department of Transportation leases land valued at \$1,113,319 for agricultural purposes. Iowa Public Employees Retirement System has leased building space valued at \$974,020 (net of accumulated depreciation of \$16,773.) Iowa State University has leased building space valued at \$172,159, and has tracts of land that have been leased for agriculture purposes, no value has been assigned to the leased portion. The University of Northern Iowa has leased buildings valued at \$207,698 and tracts of land valued at \$547,194 that have been leased for agricultural purposes. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2000 (expressed in thousands):

Year ending June 30,

2001	\$ 1,108
2002	904
2003	591
2004	263
2005	181
Thereafter	<u>1,214</u>
Total	<u>\$ 4,261</u>

NOTE 18 - PENSION PLANS

Iowa Public Employees' Retirement System

Plan Description

The Iowa Public Employees' Retirement System (IPERS), within the Iowa Department of Personnel, was created in 1953 by the Iowa Legislature, to replace Iowa Old Age and Survivors' Insurance System.

IPERS is a cost-sharing defined benefit multi-employer public employee retirement system. Participation in IPERS is mandatory for most state, county, and local public employees, employees of school districts, and for certain elected officials. Membership is optional for some individuals, including the members of the Iowa General Assembly. Excluded from membership are members of other retirement systems supported by Iowa public funds.

June 30, 2000

Employer members:

City	1,298
County	441
School	397
State	24
Other	<u>226</u>
Total	<u>2,386</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

IPERS' vesting requirements are four years of service or age 55, whichever occurs first. Normal retirement age is 65, or when the member's age plus years of service equal or exceed 88. A member may also take early retirement between the ages of 55 and 65 with reduced benefits. At retirement, a member chooses one of five benefit options.

IPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to IPERS, 7401 Register Drive, P. O. Box 9117, Des Moines, IA 50306-9117 or by calling 515-281-0020.

Funding Policy

Member and employer contribution rates are established by statute. In general, IPERS' members contribute 3.70%, and employers contribute 5.75% of the covered wage base. The contributions are remitted by participating employers. Certain members and employers engaged in law enforcement, fire safety, and protection occupations contribute at slightly higher rates as shown in the table below. State covered wages increased from \$160,000 to the new federal limit of \$170,000 on January 1, 2000.

	Contribution Rates as of June 30, 2000		
	Employee	Employer	Total
Regular	3.70%	5.75%	9.45%
Sheriffs/Deputy Sheriffs (County)/ Airport Firefighters	5.69%	8.54%	14.23%
Protection Occupations*	5.58%	8.38%	13.96%

* Protection Occupations: City Marshalls/Police or Fire Fighters in towns under 8,000 population, State Conservation Peace Officers, State Correctional Officers, Airport Safety Officers, DOT Peace Officers, Parole Officers III, Probation Officers III, and Fire Prevention Inspector Peace Officers.

A valuation of the liabilities and reserves of the IPERS Trust Fund is performed annually by IPERS' actuary in accordance with Iowa Code Section 97B.61. The Iowa statutes provide that most IPERS members shall contribute 3.70% of pay and employers shall contribute 5.75%, for a total of 9.45%. The valuation is performed to determine whether that rate will be sufficient to fund the future benefits expected to be paid by the System within the guidelines established in IPERS funding policy (maximum amortization period of 30 years). The statutory rate is first applied to fund the normal cost rate. The remaining contribution rate is used to amortize the unfunded actuarial liability as a level percentage of payroll. The current valuation indicates the statutory rate results in an amortization period less than the funding policy's maximum of 30 years.

The total amount of member and employer contributions made during the fiscal year ended June 30, 2000, was \$422,118,418. The amount of the actuarially determined contribution requirement was approximately \$412,535,150. This contribution amount represents the funding necessary to fund the normal cost of the plan.

For the fiscal year ended June 30, 2000, the actuarially determined contribution requirement for employers was \$251,013,451 or 5.75% of covered payroll. The actuarially determined contribution requirement for employees for the same time period was \$161,521,699 or 3.70% of covered payroll. The actual amount of contributions made by employers and employees during the fiscal year ended June 30, 2000, was 253,271,051 and \$168,847,367 respectively.

The State of Iowa's contributions to IPERS for the years ended June 30, 2000, 1999, and 1998, were \$54,743,107, \$49,504,605, and \$46,729,012 respectively, equal to the 100% of the required contributions for each year.

Beginning with the June 30, 1996 actuarial valuation, the annual valuation of liabilities is calculated using the entry age normal cost method. The entry age normal cost method requires the calculation of an Unfunded Actuarial Accrued Liability, \$326,509,222 at June 30, 2000. If all actuarial assumptions are met, the Unfunded Actuarial Accrued Liability is expected to be amortized in 21 years at the current contribution percentages. Additional information is available in IPERS' separately issued report.

Summary of Significant Accounting Policies

IPERS' financial statements are prepared using the accrual basis of accounting. Revenues including contributions are recognized when they are earned and become measurable. Expenses including benefits and refunds are recognized when the liability is incurred.

All investments are reported at fair value. The determination of fair value is generally based on published market prices and quotations from major investment brokers. Investments not having quoted market prices have been valued based on yields and maturities currently available on comparable securities of similar issue. Fair values for real estate, private equity partnerships, and direct real estate investments are based on periodic assessments or appraisals of the underlying investments. Futures contracts are valued daily with the resulting adjustment recorded as realized gains/losses arising from the daily settlement of variation margin.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

The System has no investment in any specific stock or bond issues of any commercial or industrial organization, other than the U.S. government and its instrumentalities, whose market value exceeds five percent of the net assets available for benefits.

Peace Officers' Retirement, Accident and Disability System

Plan Description

The Peace Officers' Retirement, Accident and Disability System was created under Chapter 97A of the Code of Iowa to provide retirement and other benefits for the peace officers of the Iowa Department of Public Safety. The Peace Officers' Retirement, Accident and Disability System is the administrator of a single-employer defined benefit public employee retirement system.

A member may retire with a service allowance after completing 22 years credited service and attaining the minimum service retirement age of 55. Plan benefits include: service retirement benefits, ordinary disability retirement benefits, accidental disability benefit, ordinary death benefit, and accidental death benefits.

The Peace Officers' Retirement, Accident and Disability System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Peace Officers' Retirement, Accident and Disability System, Iowa Department of Public Safety, Wallace State Office Building, Des Moines, IA 50319.

Funding Policy

The contributions to the System are made pursuant to Chapter 97A of the Code of Iowa, and are not based upon actuarial determinations.

Member contribution rates are established by statute at 9.35%. However, the System shall increase the member's contribution rate as necessary to cover any increase in cost to the System resulting from statutory changes which are enacted by any session of the General Assembly meeting after January 1, 1991, if the increase cannot be absorbed within the contribution rates established, but subject to a maximum employee contribution rate of 11.30%. After the employee contribution reaches 11.30%, sixty percent of the additional cost of such statutory changes shall be paid by employers and forty percent of the additional cost shall be paid by employees. This is deducted from the member's salary and remitted by the employer.

The employer is obligated by statute to contribute an amount of 17.00% of the covered payroll. Contribution provisions are established by State law and may be

amended only by the State legislature. The State of Iowa has historically followed a contribution policy of appropriating funds based upon a percentage of the current salaries for which funds are appropriated. During fiscal year 2000, legislation required a \$1,161,207 reduction of the total employee's contribution to the System and an allocation of this reduction among the Iowa Department of Public Safety divisions based upon the relative share of each division's covered payroll.

The member contribution required and contributed was \$2,832,382, representing 9.35% of the current year covered payroll. The State contribution required by statute was \$3,990,488 and the amount actually contributed was \$3,990,488. Costs of administering the plan are financed through employer contributions and investment income.

Summary of Significant Accounting Policies

The Peace Officers' Retirement, Accident and Disability System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Pension benefits and annuities are recognized when due and payable in accordance with the terms of the plan.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

The System has no investment in any specific stock or bond issues of any commercial or industrial organization, other than the U.S. government and its instrumentalities, whose market value exceeds five percent of the net assets held in trust for pension benefits.

Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation to the Peace Officers' Retirement, Accident and Disability System for the current year were as follows:

Annual required contribution	\$ 948,875
Interest on net pension obligation	(1,053,431)
Adjustment to annual required contribution	<u>1,027,211</u>

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

Annual pension cost	922,655
Contributions made	<u>(3,990,488)</u>
Increase (decrease) in net pension obligation	(3,067,833)
Net pension obligation beginning of year	<u>(13,167,892)</u>
(Assets in excess of) net pension obligation end of year	<u>\$ (16,235,725)</u>

For calculation of the net pension obligation, the actuary has set the transition date as July 1, 1995. The net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the System's actual contributions for fiscal years 1988 through 2000.

The annual required contribution for the current year was determined as part of the July 1, 1999, actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included (a) 8.00% investment rate of return, (b) projected salary increases of 10% for the first year, 5% for each of the next 4 years and 5.5% thereafter, (c) an inflation rate of 4.00%, and (d) post retirement benefit increases vary from 2.67 to 3.20%. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2000, was 18 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	(Assets in Excess) of Net Pension Obligation
1998	\$1,858,926	246.85%	\$ (8,986,581)
1999	679,523	715.33%	(13,167,892)
2000	922,655	432.50%	(16,235,725)

Judicial Retirement System

Plan Description

The Judicial Retirement System is the administrator of a single-employer defined benefit public employee retirement system.

The Judicial Retirement System was established to provide pension benefits to Judges serving on the Supreme Court, District Courts and the Court of Appeals.

Pursuant to Chapter 602 of the Code of Iowa, a member who has had a total of at least six years of service as a judge of one or more of the above courts and is at least sixty-five years of age or who has served twenty-five years of consecutive service as a judge of one or more of the above courts shall qualify for an annuity. A member who meets the definition of a senior judge under Chapter 602.9202 of the Code of Iowa, shall be paid an annuity equal to three percent of the current base salary of the office in which the senior judge last served prior to retirement multiplied by the judge's years of service prior to retirement, limited to fifty-two percent of the current base salary. Any member who has served as a judge for a total of six years or more and deemed permanently incapacitated, mentally or physically, to perform his/her duties shall be entitled to an annuity that would be the same as computed under a retirement annuity.

The Judicial Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Judicial Retirement System, Iowa Judicial Department, Iowa State Capitol Building, Des Moines, IA 50319.

Funding Policy

The contributions to the Iowa Judicial Retirement System are made pursuant to Section 602.9104 of the Code of Iowa, and are not based upon actuarial determinations.

The member contribution required and contributed was \$779,279, representing 4.00% of the current year covered payroll. The State contribution required by statute and the amount contributed was \$4,202,697. The State share is to be based on 23.70% of the current year covered payroll. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

Summary of Significant Accounting Policies

The Iowa Judicial Retirement System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. System contributions are recognized when due and the System has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Investments in governmental bonds and treasury notes constitute approximately 9.00% of net assets held in trust for pension benefits. The System has no investments in the stocks or bonds of any commercial or industrial organization where market value exceeds 5.00% or more of the net assets held in trust for pension benefits.

Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation to the Iowa Judicial Retirement System for the current year were as follows:

Annual required contribution	\$ 2,700,338
Interest on net pension obligation	17,218
Adjustment to annual required contribution	<u>(23,548)</u>
Annual pension cost	2,694,008
Contributions made	<u>4,202,697</u>
Increase (decrease) in net pension obligation	(1,508,689)
Net pension obligation beginning of year	<u>1,723,911</u>
Net pension obligation end of year	<u>\$ 215,222</u>

For calculation of the net pension obligation, the actuary has set the transition date as July 1, 1995. The net pension obligation was calculated by the actuary as the cumulative difference between the System's annual required contributions and the System's actual contributions for fiscal years 1988 through 2000.

The annual required contribution for the current year was determined as part of the June 30, 1998, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.00% investment rate of return and (b) projected salary and inflationary increases of 5.00% per year. The assumptions did not include post retirement benefit increases, which are funded by State appropriation when granted. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized using a level dollar amortization

method on an open basis. The remaining amortization period at June 30, 2000, was 30 years.

Three-year trend information:

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1998	\$ 3,143,116	121.10%	\$ 2,813,110
1999	2,854,860	138.15%	1,723,911
2000	2,694,008	156.00%	215,222

Teachers Insurance and Annuity Association Retirement Program

The Universities, Board of Regents, the Iowa Braille and Sight Saving School, and the Iowa School for the Deaf contribute to the Teachers Insurance and Annuity Association (TIAA) retirement program. The above, by contributing to TIAA, participate in a defined contribution retirement plan.

A defined contribution retirement plan provides retirement benefits in return for services rendered, provides individual annuities for each plan participant, and specifies how contributions to an individual's annuity are to be determined instead of specifying the amount of benefits the participant is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's annuity, and the returns earned on investments of those contributions. As required by the Iowa State Board of Regent's policy, all eligible employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract agreement with TIAA, each employee through the fifth year of employment contributes 3.33% of the first \$4,800 of earnings and 5.00% on the balance of earnings. The employer through the fifth year of employment, contributes 6.67% of the first \$4,800 of earnings and 10.00% on earnings above the \$4,800. Upon completion of five years of service, the participant contributes 5.00% and the employer 10.00% on all earnings. During fiscal year 2000, the employers' contributions amounted to \$93,208,107. Employees' contributions amounted to \$45,915,067.

No retirement plan provisions changed during the year that affected the Institutions' or employees' required contributions.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19 - BUDGET TO GAAP RECONCILIATION

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since the budgetary and GAAP presentations of actual data differ, a reconciliation of the two is presented below (expressed in thousands):

	General Fund	Special Revenue Funds
Fund Balance - Budgetary/Legal	\$ 175,659	\$ 215,355
Basis of Accounting Differences:		
Balance Sheet Accounts:		
Accounts Receivable	18,769	-
Loans Receivable	8,020	-
Food Stamp Inventory	34,911	-
Prepaid Expenditures	8,989	-
Due To Other Funds	(38,517)	-
Deferred Revenue	(39,352)	-
Reserved Encumbrances	24,111	-
Timing Differences:		
Petty Cash & Inventory		
Expensed In Budgetary Accounting	19,366	-
Perspective Differences	-	(215,355)
Entity Differences	<u>1,540,912</u>	<u>13,765</u>
Total Fund Balance - GAAP Basis	1,752,868	13,765
Less: Reserved Fund Balance - GAAP Basis	<u>1,041,449</u>	<u>-</u>
Fund Balance Unreserved - GAAP Basis	<u>\$ 711,419</u>	<u>\$ 13,765</u>

NOTE 21 - ADJUSTMENTS

An Internal Service Fund, Workers' Compensation Fund, previously reported incurred claim liability using historical cost averages. An actuarial review performed during the current fiscal year resulted in amending the originally reported liabilities, resulting in a decrease in the opening retained earnings of \$10,714,286.

Prior to fiscal 2000, the University of Iowa reported compensated absences payable in Current Funds Unrestricted and Current Funds Restricted. The accrual is now reflected in Current Funds Unrestricted. This adjustment decreased the beginning fund balance of Current Funds Unrestricted and increased the beginning balance of Current Funds Restricted by \$7,865,018.

In previous years at the University of Northern Iowa, Early Retirement Incentive Program (ERIP) payments were paid on a cash basis. In April 2000, the University Cabinet adopted the policy of requiring

NOTE 20 - CHANGES IN CONTRIBUTED CAPITAL ACCOUNTS

During the year ended June 30, 2000, contributed capital increased by the following amounts (expressed in thousands):

	Enterprise Fund Iowa Communications Network	Component Units Iowa State Fair Foundation
Balance July 1	\$ 66,562	\$ 26,527
Additions:		
Government -		
Capital Contributions	9,186	4,556
Deletions:		
Depreciation On Assets Acquired With Contributed Capital	<u>5,908</u>	<u>838</u>
Balance June 30	<u>\$ 69,840</u>	<u>\$ 30,245</u>

departments to fully fund the program liability upon receipt of a signed contract. The University of Northern Iowa is requiring full funding of all present and future contracts within three years. As a result of change in policy, the University of Northern Iowa elected the method of reporting its ERIP payment as termination benefits. The adjustment for the discounted liability to the opening fund balance of the Current Unrestricted Funds is a decrease of \$2,032,415.

Criteria for inclusion in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - Special Revenue Funds is that the fund is classified as a special revenue fund for budgetary purposes and the General Assembly either appropriates or allocates funding from the fund. For fiscal year 2000, the General Assembly made an appropriation from the Local Housing Assistance Fund, at which time the fund met all criteria for inclusion in the statement.

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22 – ENTERPRISE FUND – SEGMENT INFORMATION

Primary Government

Significant financial data for the year ended June 30, 2000, follows (expressed in thousands):

	Iowa Communications Network	Iowa Lottery	Underground Storage Tank Insurance	Iowa State Prison Industries	Other	Total
Operating Revenues	\$ 31,515	\$ 169,736	\$ 2,126	\$ 14,488	\$ 116,179	\$ 334,044
Depreciation Expense	15,570	407	-	540	400	16,917
Operating Income (Loss)	(16,410)	35,214	1,719	1,255	40,490	62,268
Operating Transfers In	-	-	-	-	654	654
Operating Transfers Out	-	36,276	-	-	45,903	82,179
Tax Revenues	-	-	-	-	4,139	4,139
Net Income (Loss)	(13,854)	(423)	3,439	1,454	(614)	(9,998)
Fixed Assets Additions	10,980	224	-	869	182	12,255
Fixed Assets Deletions	-	115	-	104	108	327
Net Working Capital	21,657	2,271	30,198	9,865	2,777	66,768
Total Assets	121,224	80,698	33,895	15,465	11,056	262,338
Other Long-Term Liabilities	66,905	60,838	-	372	50	128,165
Total Equity	35,543	2,373	30,198	14,092	4,153	86,359

Component Units

Significant financial data for the year ended June 30, 2000, follows (expressed in thousands):

	Iowa State Fair Authority	Iowa Higher Education Loan Authority	Iowa Finance Authority	Iowa Agricultural Development Authority	Lawyer Trust Account Commission	Client Security & Attorney Disciplinary Commission	Commission On Continuing Legal Education	Total
Operating Revenues	\$10,473	\$ 1,613	\$ 45,815	\$ 332	\$ 1,061	\$ 750	\$ 93	\$ 60,137
Receipts From Other Entities	-	12	22,168	-	1,061	-	-	23,241
Depreciation Expense	1,171	2	128	10	2	2	2	1,317
Operating Income (Loss)	36	1,486	35,361	(74)	76	(20)	9	36,874
Net Income (Loss)	482	131	28,287	112	132	40	10	29,194
Fixed Asset Additions	4,511	4	489	6	2	3	2	5,017
Fixed Asset Deletions	65	-	-	18	-	-	-	83
Net Working Capital	5,007	12,782	600,681	3,695	816	1,511	56	624,548
Total Assets	36,030	47,801	858,583	5,455	1,337	1,569	64	950,839
Bonds Payable	-	45,209	522,329	-	-	-	-	567,538
Other Long-Term Liabilities	210	-	-	-	1	4	2	217
Total Equity	35,257	1,782	308,490	5,411	821	1,518	61	353,340

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23 – DEFERRED COMPENSATION PLAN

The State and Judicial Districts sponsor deferred compensation plans which are administered by independent contractors under Internal Revenue Code section 457. The plans permit employees to defer a portion of their salary until future years. The Department of Personnel is responsible for the accounting, reconciliations and record keeping associated with employees' enrollment, payments to the plan through payroll deductions and timely transfer of withheld funds to the trustee designated by the participant for investment. The plans are designed so that each participant retains investment control of his/her individual account. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The State's fiduciary responsibility is limited to due care in selecting administrators. These contractors are responsible for withholdings and W-2's when the participants receive payments. The contractors are also required to submit an annual report to the State. The State is liable to a participant only for income lost because of its failure to send payment of a deferred amount as directed by the participant.

The market value of the State's and Judicial Districts' exclusive benefit plan assets at December 31 1999, was approximately \$215 million and \$8 million respectively. These amounts are not included in the financial statements since the State does not own or hold in a trustee capacity the amounts deferred by employees and related income on those amounts.

State employees within the Iowa Department of Education may also participate in a 403(b) tax-sheltered annuity plan. The State does not contribute to the plan. These annuities are the sole property of the respective individual employee and are subject to any liability arranged by that individual.

NOTE 24 – OTHER POST EMPLOYMENT BENEFITS

The Board of Regents approved, effective July 1, 1986, an Early Retirement Incentive Program (ERIP) for professional employees. This program was in effect until June 30, 1992. This same program was approved for Merit System employees by the Board of Regents effective July 1, 1990 for a one year trial period with an extension until June 1992. Effective July 1, 1992 through June 30, 1997, and renewed through June 30, 2002, the Board of Regents approved a new early retirement incentive program for all employees.

To be eligible for ERIP, an employee must be 57 to 64 years of age with 15 or more years of service. The employee's participation must be approved by the employee's department head and the appropriate administrative officers.

All incentive payments are financed on a pay-as-you-go basis, except at the University of Northern Iowa. At the University of Northern Iowa ERIP are being prefunded over a three year period. Prefunded contributions during the year ending June 30, 2000 were \$1,437,620.

An employee approved for participation in the program will receive the following incentives until age 65, unless otherwise specified:

- 1) Health Insurance – The employer's contributions are made until the employee is eligible for Medicare coverage.
- 2) Dental Insurance – The employer's contributions are made until the employee is eligible for Medicare coverage.
- 3) Group Life Insurance – The employer provides a paid-up life insurance policy which varies in amounts between \$2,000 and \$4,000.
- 4) TIAA/CREF Contributions – The employer's and employee's contributions are made for up to three (3) years; employer's contributions are made up to an additional two (2) years; and employer's contributions are payable for a maximum of five (5) years or until the employee is eligible for full Social Security benefits, whichever occurs first.
- 5) IPERS Contributions – The employer's and employee's contributions are made for up to three (3) years; employer's contributions may be made up to an additional two (2) years; and contributions are payable for a maximum of five (5) years or until the employee is eligible for full Social Security benefits, whichever occurs first.

The employee may elect, prior to approval of participation in the program, to accept the present value of all or part of the incentives as a lump sum payment on the beginning date of participation in the program. The rate of interest used to calculate the present value is established annually by the board. The rate used for this fiscal year was 5.03%.

Effective June 1, 1997, a Window Early Retirement Incentive Program was approved. Any employee with 20 years of service who was 55 or over was eligible to

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

apply from June 1, 1997 through November 30, 1997. The benefits include all the above ERIP benefits plus full access to the participants' CREF accumulation and up to 10 percent per year of TIAA accumulations.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 2000, amounted to \$7,379,677 for 1,154 participants.

NOTE 25 – RISK MANAGEMENT

INSURANCE/TRANSFER OF RISK

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial insurers. The State also insures with outside parties for certain liabilities. The State assumes liability for any deductibles and claims in excess of coverage limitations. Iowa State University and the Department of Public Safety each assume responsibility for aircraft liability claims in excess of \$10.0 million, and Workforce Development assumes fire liability on buildings and contents in excess of \$19.9 million.

The University of Northern Iowa assumes liability for damage to buildings and contents for the first \$2.0 million and in excess of \$439.5 million; liability for physical damage to the UNI-Dome buildings for the first \$150,000 and in excess of \$38.5 million; physical damage to boiler and machinery in excess of \$709.4 million; damage to residence system buildings and apartments in excess of \$195.8 million, business interruption in excess of \$11.4 million, damage to contents in excess of \$12.9 million; medical liability at the Laboratory School in excess of \$5 million; and damage to Mauker Union building and contents in excess of \$13.6 million.

The University of Iowa assumes liability for damage to buildings and contents for the first \$2.0 million and in excess of \$3,273.1 million, damage to the power plant for the first \$250,000 and in excess of \$55.5 million, damage to utility property for the first \$250,000 and in excess of \$113.0 million, medical malpractice for the first \$1.5 million and in excess of \$20.0 million, pharmacy products liability for the first \$10,000 and in excess of \$7.0 million, student interns professional liability in excess of \$3.0 million, losses at the Museum of Art in excess of \$40.0 million, and criminal fidelity liability for the first \$100,000 and in excess of \$10 million.

Iowa State University assumes liability for damage to buildings and contents in excess of \$1,839.0 million, damage to boilers and machinery in excess of

\$229.0 million, damage to electronic data processing, telecommunications equipment in excess of \$28.4 million and business interruption in excess of \$16.9 million.

Glenwood State Hospital-School assumes liability for volunteers' automobile liability in excess of \$3.0 million. The Iowa Braille and Sight Saving School assumes liability for the first \$1.0 million and in excess of \$25.2 million for catastrophic losses.

The Second, Third, Fifth, and Sixth Judicial Districts assume liability for physical damage to buildings and contents in excess of \$3.3 million, \$2.8 million, \$10.8 million and \$5.3 million, respectively. The Seventh Judicial District assumes liability for boiler equipment breakdown in excess of \$5.2 million. The First Judicial District assumes liability in excess of \$3.5 million blanket coverage for boilers.

The State maintains an employee fidelity bond where the first \$100,000 in losses and any losses exceeding \$2.0 million becomes the responsibility of the State.

There were no significant reductions in insurance coverage from the prior year. There were no settlements in excess of coverage for the past three fiscal years.

SELF-INSURANCE/RETENTION OF RISK

It is the policy of the State not to purchase commercial insurance, except as detailed above, for the risks of losses to which it is exposed. Instead, State management believes that it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service funds or to pay claims from the General Fund.

Specific claim adjustment expenditures/expenses and estimated recoveries on unsettled claims are included in the determination of claims liability. Other allocated or unallocated claim adjustment expenditures/expenses are not included.

The State is self-insured for various risks of loss related to work injuries of its employees. The Workers' Compensation Fund, an internal service fund, services workers' compensation claims. The liability for unpaid claims is estimated based on the average cost per claim-type determined from an actuarial review. Current year adjustments includes an increase of \$10,714,286 based on an actuarial review (See Note 21). Changes in the balances for estimated claims liabilities in fiscal years 1999 and 2000 were (expressed in thousands):

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 99	\$ 16,910	\$ 9,832	\$ 10,006	\$ 16,736
FY 00	16,736	23,264	11,264	28,736

The State is self-insured for various risks of loss related to its motor vehicle fleet. The Vehicle Dispatcher Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on historical experience and the application of an industry standard of forty percent for IBNR claims. Changes in the balances for estimated claims liabilities in fiscal years 1999 and 2000 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 99	\$ 738	\$ 286	\$ 399	\$ 625
FY 00	625	(91)	114	420

The State is self-insured for various risks of loss related to the operation of the Board of Regents institutions' motor vehicle fleets. The Regent's Motor Vehicle Liability Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on statistical techniques that reflect recent settlements, similar claim history, and other economic and social factors. Changes in the balances for estimated claims liabilities in fiscal years 1999 and 2000 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 99	\$ 650	\$ 468	\$ 329	\$ 789
FY 00	789	988	369	1,408

The Underground Storage Tank Program provides qualified owner/operators with insurance for claims resulting from leaking underground storage tanks. Underground Storage Tank Insurance Fund, an enterprise fund, collects premium payments and services claims for damages sustained. The liability for unpaid claims is estimated based on historical experience and analysis. Changes in the balances for estimated claims liabilities in fiscal years 1999 and 2000 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 99	\$ 2,561	\$ 545	\$ 95	\$3,011
FY 00	3,011	(19)	91	2,901

The State is self-insured for risks of loss related to property damage and torts. All claims must be filed with the State Appeal Board which has the authority to approve or reject claims. Claims allowed in an amount greater than five thousand dollars require the unanimous approval of all the members of the Board, the Attorney General, and the District Court of the State of Iowa for Polk County. The liability for unpaid claims is estimated based on historical experience and analysis. Changes in the balances for estimated claims liabilities in fiscal years 1999 and 2000 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 99	\$ 11,500	\$ 5,388	\$5,388	\$ 11,500
FY 00	11,500	3,792	3,792	11,500

The Universities retain risk liability for medical faculty malpractice; medical, dental, unemployment, and workers' compensation coverage for some employees; and various property damage not covered as described above. The estimates of claim liabilities for faculty medical malpractice, and employee medical, dental, unemployment, and workers' compensation are based on actuarial analysis. The estimates of the claim liability for various property damage is based on historical analysis. Changes in the balances for estimated claims liabilities in fiscal years 1999 and 2000 were (expressed in thousands):

	Balances At Beginning Of Fiscal Year	Current Year Claims And Changes In Estimates	Claim Payments	Balances At End Of Fiscal Year
FY 99	\$ 17,073	\$ 83,063	\$ 82,941	\$ 17,195
FY 00	17,195	91,572	93,009	15,758

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26 – LITIGATION, CONTINGENCIES, AND COMMITMENTS

The *State Appeal Board* has the authority to approve or reject general claims under ten years covering the following: Outdated warrants; outdated sales and use tax refunds; license refunds; additional agricultural land tax credits; outdated invoices; fuel and gas tax refunds; outdated homestead and veterans' exemptions; outdated funeral service claims; tractor fees; registration permits; outdated bills for merchandise; services furnished to the state; claims by any county or county official relating to the personal property tax credit; and refunds of fees collected by the state. At June 30, 2000, there was \$1.1 million in such claims filed with the Appeal Board.

During the fiscal year, the State entered into a compromise settlement of a claim for legal services rendered by Iowa Special Counsel on behalf of the State of Iowa in litigation against the tobacco industry. The State's liability for the settlement at June 30, 2000, of \$36.8 million, will be paid over the next four years as specified in the settlement.

The *Iowa Department of Revenue and Finance* has pending litigation regarding income tax cases. The cases could possibly result in refunds estimated at \$1.8 million.

The *Iowa Department of Transportation* has estimated the State's share of contractual obligations for construction contracts as \$162 million at June 30, 2000. This represents total obligations of \$419 million less \$240 million in estimated federal aid and \$17 million in retainages.

The *University of Iowa* has outstanding construction contract commitments of \$62.4 million at June 30, 2000.

Iowa State University has outstanding construction contract commitments of \$71.3 million at June 30, 2000.

The *University of Northern Iowa* has outstanding construction contract commitments of \$9.6 million at June 30, 2000.

The *Iowa Finance Authority* has signed loan agreements with municipalities totaling \$284.7 million of which \$240.0 million has been disbursed as of June 30, 2000. As of June 30, 2000, the Authority has commitments to various housing assistance projects totaling approximately \$1.7 million.

Office of Inspector General Audit of Medicare Billings – the Health Care Financing Administration (HCFA) has initiated a nationwide review of physician Medicare billings at teaching institutions. The *University of Iowa* was selected to be part of the initial group of auditees. Although a loss is possible, the amount, if any, can not be reasonably estimated at this time.

On May 26, 2000, beneficial control of the Iowa Housing Corporation, a nonprofit corporation established by the Iowa Finance Authority in 1990 to assist in meeting the housing needs of low and very low income individuals within the state, was transferred to the State of Iowa. On that date, a designee of the Governor became the sole director of the corporation. The Governor's designee is responsible for managing all day-to-day operations of the corporation until those operations can be transferred to the State of Iowa. The disposition of the net assets, which totaled \$8.0 million at June 30, 2000, will be determined by the Governor and the legislative branch.

NOTE 27 – RELATED ORGANIZATIONS

Universities

Iowa State University, the University of Iowa and the University of Northern Iowa have related organizations whose purpose is to receive donations and other funds for student grants and scholarships, support of intercollegiate athletics, and educational and general institution support. Detailed financial data is available in the related organizations' financial statements, available from the Universities. The following summarized financial data is for the year ended June 30, 2000 (expressed in thousands):

	Iowa State University	University of Iowa	University of Northern Iowa
Total Assets	\$ 489,360	\$ 651,965	\$ 61,341
Total Liabilities	51,158	107,543	4,100
Total Equity	438,202	544,422	57,241
Due From The Universities	15	26	-
Due To The Universities	175	15,154	68
Total Revenues	122,651	104,955	17,231
Total Expenditures	13,912	63,812	14,474
Revenues From The Universities	1,365	28,424	-
Revenues To The Universities	34,276	6,312	6,722

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28 - SUBSEQUENT EVENTS

On July 1, 2000, the Iowa Finance Authority redeemed prior to maturity \$600,000 of the Single Family Mortgage Bonds, 1991 Series A, B, A-1, and B-1; \$1,525,000 of the Single Family Mortgage Bonds, 1992 Series A, B, and C; \$1,315,000 of the Single Family Mortgage Refunding Bonds, 1992 Series F; \$1,185,000 of the Single Family Mortgage Bonds, 1995 Series C, D, and E, \$1,120,000 of the Single Family Mortgage Bonds, 1997 Series A, B, and C; and \$1,125,000 of the Single Family Mortgage Bonds, 1997 Series F, G, and H.

On September 1, 2000, the Iowa Finance Authority redeemed prior to maturity \$441,958 of the Single Family Housing Bonds, 1984 Issue A.

On October 1, 2000, the University of Iowa issued Athletic Facilities Revenue Bonds, Series S.U.I. 2000, in the amount of \$10,000,000 to pay costs of constructing and equipping athletic and recreational buildings, athletic fields, grounds and related facilities on the campus of the University.

On October 1, 2000, Medical Education and Biomedical Research Facility Project Revenue Bonds of \$22,250,000 and \$5,750,000 were issued by the University of Iowa Facilities Corporation, an Iowa nonprofit corporation separate from the University. The proceeds of the bonds will be used to defray a portion of the costs associated with the construction of a new College of Medicine Education and Biomedical Research Facility. The bonds are payable solely from rental income payable to the Corporation from the general operating revenues of the University of Iowa.

The University of Northern Iowa and Board of Regents, State of Iowa, [together, "UNI"] filed suit against Penn Co Construction, Inc. [Penn Co], De Nardis Associates, Inc., and Light Structures Design Consultants (a division of De Nardis Associates, Inc.) [together, "LSDC"] in July 2000. Penn Co was responsible for the overall construction and improvements to the UNI Dome roof starting in 1997 ["Dome roof project"]. LSDC was responsible for the architectural, engineering, design, and construction services for the Dome roof project. The lawsuit alleges breach of contract, negligence, and breach of warranty by the defendants, Penn Co and LSDC, in their work relating to the Dome roof project. No estimate of the effect of this lawsuit can be made.

On November 8, 2000, \$35,428,136 was transferred from the Underground Storage Tank Insurance Fund to the Petroleum Marketers Mutual Insurance Company (PMMIC). The PMMIC is an independent nonprofit entity owned and operated by insureds and organized to provide an allowable mechanism to demonstrate financial responsibility for underground storage tanks as required by federal regulations.

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**REQUIRED
SUPPLEMENTAL INFORMATION**

STATE OF IOWA

Schedules of Funding Progress

For the Year Ended June 30, 2000
(Expressed in Thousands)

Iowa Judicial Retirement System

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
07/01/98	\$ 55,048	\$ 65,243	\$ 10,195	84.37%	\$ 16,824	60.60%
07/01/99	62,018	68,768	6,750	90.18%	17,023	39.65%
07/01/00	71,693	82,070	10,377	87.36%	19,295	53.78%

The significant increase in unfunded AAL for the July 1, 2000 valuation was primarily due to changes in benefits effective July 1, 2001. The basic retirement annuity was increased from 52 percent to 60 percent of a judge's average annual salary for the last three years of service.

Peace Officers' Retirement, Accident and Disability System

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY*	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
07/01/98	\$ 207,650	\$ 178,631	\$ (29,019)	116.25%	\$ 26,992	(107.51%)
07/01/99	219,463	187,312	(32,151)	117.16%	28,593	(112.44%)
07/01/00	239,568	240,785	1,217	99.49%	30,304	4.02%

* This amount is based on the Projected Unit Credit Method. The Aggregate Cost Method is used to determine the required contribution. This is provided for informational purposes only.

The significant decrease in funded AAL for the July 1, 2000 valuation was primarily due to changes in benefits effective July 1, 2000. The calculation of service retirement benefits changed and the maximum benefit increased from 75 percent to 88 percent of a member's average final compensation.

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COMBINING FINANCIAL STATEMENTS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Clarinda Correctional Facility Telephone Rebate Fund receives inmate telephone rebates to be used for the benefit of the inmates.

HAWK-I Trust Fund receives state appropriations, contributions, and participant payments to be used for a children's health insurance program.

Mount Pleasant Correctional Facility Telephone Rebate Fund receives inmate telephone rebates to be used for the benefit of the inmates.

Iowa Public Television Foundation is a non-profit corporation that solicits and manages gifts of money and property for Iowa Public Television.

Other Special Revenue Funds, these funds are aggregated for reporting purposes, and account for various other revenues which must be used for specific purposes.

STATE OF IOWA

Combining Balance Sheet Special Revenue Funds

June 30, 2000
(Expressed in Thousands)

	CLARINDA CORRECTIONAL FACILITY TELEPHONE REBATE	HAWK-I TRUST	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 387	\$ 6,116	\$ 269	\$ 3,993	\$ 1,268	\$ 12,033
Accounts Receivable	40	404	46	-	296	786
Due From Other Funds	<u>119</u>	<u>1,532</u>	<u>3</u>	<u>1</u>	<u>295</u>	<u>1,950</u>
TOTAL ASSETS	<u>\$ 546</u>	<u>\$ 8,052</u>	<u>\$ 318</u>	<u>\$ 3,994</u>	<u>\$ 1,859</u>	<u>\$ 14,769</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 219	\$ 164	\$ 3	\$ 9	\$ 19	\$ 414
Due To Other Funds	<u>174</u>	<u>44</u>	<u>15</u>	<u>-</u>	<u>357</u>	<u>590</u>
TOTAL LIABILITIES	<u>393</u>	<u>208</u>	<u>18</u>	<u>9</u>	<u>376</u>	<u>1,004</u>
FUND BALANCE						
Unreserved Fund Equity	<u>153</u>	<u>7,844</u>	<u>300</u>	<u>3,985</u>	<u>1,483</u>	<u>13,765</u>
TOTAL FUND BALANCE	<u>153</u>	<u>7,844</u>	<u>300</u>	<u>3,985</u>	<u>1,483</u>	<u>13,765</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 546</u>	<u>\$ 8,052</u>	<u>\$ 318</u>	<u>\$ 3,994</u>	<u>\$ 1,859</u>	<u>\$ 14,769</u>

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	CLARINDA CORRECTIONAL FACILITY TELEPHONE REBATE	HAWK-I TRUST	MOUNT PLEASANT CORRECTIONAL FACILITY TELEPHONE REBATE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
REVENUES:						
Receipts from Other Entities	\$ -	\$4,358	\$ -	\$ -	\$ -	\$ 4,358
Investment Income	-	218	-	521	18	757
Fees, Licenses & Permits	-	3	-	-	47	50
Refunds & Reimbursements	119	263	138	-	872	1,392
Miscellaneous	-	1	-	152	91	244
GROSS REVENUES	119	4,843	138	673	1,028	6,801
Less Revenue Refunds	-	-	-	-	72	72
NET REVENUES	119	4,843	138	673	956	6,729
EXPENDITURES:						
Current:						
General Government	-	-	-	-	50	50
Education	-	-	-	28	151	179
Health & Human Services	-	6,246	-	-	169	6,415
Law, Justice, & Public Safety	400	-	246	-	1,068	1,714
TOTAL EXPENDITURES	400	6,246	246	28	1,438	8,358
REVENUES OVER (UNDER) EXPENDITURES	(281)	(1,403)	(108)	645	(482)	(1,629)
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	-	6,633	-	8	347	6,988
Transfers Out	(20)	(55)	(23)	-	(406)	(504)
TOTAL OTHER FINANCING SOURCES (USES)	(20)	6,578	(23)	8	(59)	6,484
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(301)	5,175	(131)	653	(541)	4,855
FUND BALANCE JULY 1	454	2,669	431	3,332	2,024	8,910
FUND BALANCE JUNE 30	\$ 153	\$7,844	\$ 300	\$3,985	\$ 1,483	\$13,765

STATE OF IOWA

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis Special Revenue Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	PRIMARY ROAD FUND			TOBACCO SETTLEMENT FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
Transfers	\$ 482,140	\$ 489,794	\$ 7,654	\$ -	\$ -	\$ -
TOTAL APPROPRIATED REVENUE	482,140	489,794	7,654	-	-	-
RECEIPTS CREDITED TO APPROPRIATIONS:						
Use Tax	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-
Wagering Tax Receipts	-	-	-	-	-	-
Individual Income Tax Quarterly	-	-	-	-	-	-
Sales Tax – DOT	5	7	2	-	-	-
Federal Support	281,284	300,973	19,689	-	-	-
Local Governments	2,600	5,017	2,417	-	-	-
Other States	2,925	269	(2,656)	-	-	-
Reimbursements From Other Agencies	161	216	55	-	-	-
Interest	5	2	(3)	-	-	-
Bonds & Loans	5	-	(5)	-	-	-
Fees, Licenses, & Permits	860	1,173	313	-	-	-
Refunds & Reimbursements	4,000	6,627	2,627	76,800	71,174	(5,626)
Sale of Real Estate	1,710	1,891	181	-	-	-
Sale of Equipment & Salvage	-	-	-	-	-	-
Rents & Leases	16	26	10	-	-	-
Agricultural Sales	-	-	-	-	-	-
Other Sales & Services	-	-	-	-	-	-
Unearned Receipts	-	-	-	-	-	-
Income Tax Checkoffs	-	-	-	-	-	-
Other	1,750	13,131	11,381	-	-	-
TOTAL APPROPRIATED RECEIPTS	295,321	329,332	34,011	76,800	71,174	(5,626)
TOTAL REVENUES AVAILABLE	777,461	819,126	41,665	76,800	71,174	(5,626)
EXPENDITURES:						
Administration	-	-	-	3,028	3,019	9
Agriculture & Natural Resources	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Education	-	-	-	-	-	-
Health & Human Rights	-	-	-	-	-	-
Regulation	-	-	-	-	-	-
Transportation & Public Safety	567,121	621,089	(53,968)	-	-	-
TOTAL EXPENDITURES	567,121	621,089	(53,968)	3,028	3,019	9
Transfers	219,713	216,537	3,176	3	3	-
TOTAL EXPENDITURES AND TRANSFERS	786,834	837,626	(50,792)	3,031	3,022	9
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	(9,373)	(18,500)	(9,127)	73,769	68,152	(5,617)
FUND BALANCE JULY 1 (BUDGETARY)	75,412	75,412	-	50	50	-
Adjustments (Note 21)	-	-	-	-	-	-
FUND BALANCE JULY 1 (BUDGETARY) (RESTATED)	75,412	75,412	-	50	50	-
FUND BALANCE JUNE 30 (BUDGETARY)	\$ 66,039	\$ 56,912	\$ (9,127)	\$ 73,819	\$ 68,202	\$ (5,617)

STATE OF IOWA

UNDERGROUND STORAGE TANK UNASSIGNED REVENUE			RESOURCE ENHANCEMENT AND PROTECTION FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 10,000	\$ 17,222	\$ 7,222	\$ 10,500	\$ 10,593	\$ 93
<u>10,000</u>	<u>17,222</u>	<u>7,222</u>	<u>10,500</u>	<u>10,593</u>	<u>93</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,381	898	(483)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	600	614	14
5,400	5,350	(50)	399	412	13
-	-	-	-	-	-
15	13	(2)	-	-	-
-	-	-	4,691	2,555	(2,136)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
80	86	6	1	-	(1)
<u>5,495</u>	<u>5,449</u>	<u>(46)</u>	<u>7,072</u>	<u>4,479</u>	<u>(2,593)</u>
<u>15,495</u>	<u>22,671</u>	<u>7,176</u>	<u>17,572</u>	<u>15,072</u>	<u>(2,500)</u>
3,085	3,353	(268)	-	-	-
-	-	-	19,990	13,187	6,803
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,085</u>	<u>3,353</u>	<u>(268)</u>	<u>19,990</u>	<u>13,187</u>	<u>6,803</u>
<u>16,075</u>	<u>58,149</u>	<u>(42,074)</u>	<u>3,522</u>	<u>655</u>	<u>2,867</u>
<u>19,160</u>	<u>61,502</u>	<u>(42,342)</u>	<u>23,512</u>	<u>13,842</u>	<u>9,670</u>
<u>(3,665)</u>	<u>(38,831)</u>	<u>(35,166)</u>	<u>(5,940)</u>	<u>1,230</u>	<u>7,170</u>
<u>76,646</u>	<u>76,646</u>	<u>-</u>	<u>5,940</u>	<u>5,940</u>	<u>-</u>
-	-	-	-	-	-
<u>76,646</u>	<u>76,646</u>	<u>-</u>	<u>5,940</u>	<u>5,940</u>	<u>-</u>
<u>\$ 72,981</u>	<u>\$ 37,815</u>	<u>\$ (35,166)</u>	<u>\$ -</u>	<u>\$ 7,170</u>	<u>\$ 7,170</u>

continued on next page

STATE OF IOWA

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis Special Revenue Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)
(Continued)

	OTHER			TOTAL		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
APPROPRIATED REVENUE:						
Transfers	\$ 34,730	\$ 31,170	\$ (3,560)	\$ 537,370	\$ 548,779	\$ 11,409
TOTAL APPROPRIATED REVENUE	<u>34,730</u>	<u>31,170</u>	<u>(3,560)</u>	<u>537,370</u>	<u>548,779</u>	<u>11,409</u>
RECEIPTS CREDITED TO						
APPROPRIATIONS:						
Use Tax	1,120	987	(133)	1,120	987	(133)
Other Taxes	8,757	8,847	90	8,757	8,847	90
Wagering Tax Receipts	2,410	2,757	347	2,410	2,757	347
Individual Income Tax Quarterly	8,800	7,083	(1,717)	8,800	7,083	(1,717)
Sales Tax – DOT	-	-	-	5	7	2
Federal Support	8,929	9,864	935	291,594	311,735	20,141
Local Governments	-	-	-	2,600	5,017	2,417
Other States	-	-	-	2,925	269	(2,656)
Reimbursements From Other Agencies	3,002	1,892	(1,110)	3,763	2,722	(1,041)
Interest	1,302	2,090	788	7,106	7,854	748
Bonds & Loans	-	-	-	5	-	(5)
Fees, Licenses, & Permits	20,735	19,383	(1,352)	21,610	20,569	(1,041)
Refunds & Reimbursements	16,902	14,081	(2,821)	102,393	94,437	(7,956)
Sale of Real Estate	-	-	-	1,710	1,891	181
Sale of Equipment & Salvage	65	36	(29)	65	36	(29)
Rents & Leases	5	9	4	21	35	14
Agricultural Sales	60	56	(4)	60	56	(4)
Other Sales & Services	1,069	1,143	74	1,069	1,143	74
Unearned Receipts	290	302	12	290	302	12
Income Tax Checkoffs	125	128	3	125	128	3
Other	600	455	(145)	2,431	13,672	11,241
TOTAL APPROPRIATED RECEIPTS	<u>74,171</u>	<u>69,113</u>	<u>(5,058)</u>	<u>458,859</u>	<u>479,547</u>	<u>20,688</u>
TOTAL REVENUES AVAILABLE	<u>108,901</u>	<u>100,283</u>	<u>(8,618)</u>	<u>996,229</u>	<u>1,028,326</u>	<u>32,097</u>
EXPENDITURES:						
Administration	17,781	8,752	9,029	23,894	15,124	8,770
Agriculture & Natural Resources	300	10	290	20,290	13,197	7,093
Economic Development	6,618	3,003	3,615	6,618	3,003	3,615
Education	4,140	2,914	1,226	4,140	2,914	1,226
Health & Human Rights	2,778	2,517	261	2,778	2,517	261
Regulation	6,269	6,274	(5)	6,269	6,274	(5)
Transportation & Public Safety	-	-	-	567,121	621,089	(53,968)
TOTAL EXPENDITURES	<u>37,886</u>	<u>23,470</u>	<u>14,416</u>	<u>631,110</u>	<u>664,118</u>	<u>(33,008)</u>
Transfers	76,082	68,229	7,853	315,395	343,573	(28,178)
TOTAL EXPENDITURES AND TRANSFERS	<u>113,968</u>	<u>91,699</u>	<u>22,269</u>	<u>946,505</u>	<u>1,007,691</u>	<u>(61,186)</u>
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND TRANSFERS	<u>(5,067)</u>	<u>8,584</u>	<u>13,651</u>	<u>49,724</u>	<u>20,635</u>	<u>(29,089)</u>
FUND BALANCE JULY 1 (BUDGETARY)	<u>34,183</u>	<u>34,183</u>	<u>-</u>	<u>192,231</u>	<u>192,231</u>	<u>-</u>
Adjustments (Note 21)	2,489	2,489	-	2,489	2,489	-
FUND BALANCE JULY 1 (BUDGETARY) (RESTATED)	<u>36,672</u>	<u>36,672</u>	<u>-</u>	<u>194,720</u>	<u>194,720</u>	<u>-</u>
FUND BALANCE JUNE 30 (BUDGETARY)	<u>\$ 31,605</u>	<u>\$ 45,256</u>	<u>\$ 13,651</u>	<u>\$ 244,444</u>	<u>\$ 215,355</u>	<u>\$ (29,089)</u>

COMBINING FINANCIAL STATEMENTS

Capital Projects Funds

Capital Projects Funds are used to account for the construction of major capital facilities other than those financed by proprietary funds and trust funds.

General Services Capitals is used to account for various building projects.

Resources Enhancement and Protection Fund is used to account for building projects, reconstruction of buildings and the acquisition of land.

Corrections Capitals Fund is used to account for the construction of correctional services facilities expansion.

Recreational Trails Development Fund is used to account for the acquisition and construction of recreational trails within the State.

Other Capital Projects Funds, aggregated for reporting purposes, account for construction of various armories and prison expansion programs.

STATE OF IOWA

Combining Balance Sheet Capital Projects Funds

June 30, 2000
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	RESOURCES ENHANCEMENT & PROTECTION	CORRECTIONS CAPITALS	RECREATIONAL TRAILS DEVELOPMENT	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 108	\$ 7,215	\$ -	\$ 1,468	\$ 1,208	\$ 9,999
Deposits With Trustees	-	-	2,500	-	-	2,500
Accounts Receivable	263	437	-	-	83	783
Interest Receivable	-	-	1	-	-	1
Due From Other Funds	<u>1,293</u>	<u>1,161</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>3,305</u>
TOTAL ASSETS	<u>\$ 1,664</u>	<u>\$ 8,813</u>	<u>\$ 2,501</u>	<u>\$ 1,468</u>	<u>\$ 2,142</u>	<u>\$ 16,588</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 1,426	\$ 1,184	\$ 14	\$ -	\$ 671	\$ 3,295
Due To Other Funds	<u>1</u>	<u>429</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>515</u>
TOTAL LIABILITIES	<u>1,427</u>	<u>1,613</u>	<u>14</u>	<u>-</u>	<u>756</u>	<u>3,810</u>
FUND BALANCE						
Reserve For:						
Specific Purposes	-	-	2,487	-	-	2,487
Unreserved Fund Equity	<u>237</u>	<u>7,200</u>	<u>-</u>	<u>1,468</u>	<u>1,386</u>	<u>10,291</u>
TOTAL FUND BALANCE	<u>237</u>	<u>7,200</u>	<u>2,487</u>	<u>1,468</u>	<u>1,386</u>	<u>12,778</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,664</u>	<u>\$ 8,813</u>	<u>\$ 2,501</u>	<u>\$ 1,468</u>	<u>\$ 2,142</u>	<u>\$ 16,588</u>

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS	RESOURCES ENHANCEMENT & PROTECTION	CORRECTIONS CAPITALS	RECREATIONAL TRAILS DEVELOPMENT	OTHER	TOTAL
REVENUES:						
Receipts From Other Entities	\$ 267	\$ 898	\$ -	\$ 68	\$ 201	\$ 1,434
Investment Income	-	381	330	-	6	717
Refunds and Reimbursements	-	2,555	174	-	-	2,729
TOTAL REVENUES	<u>267</u>	<u>3,834</u>	<u>504</u>	<u>68</u>	<u>207</u>	<u>4,880</u>
EXPENDITURES:						
Current:						
Law, Justice & Public Safety	-	-	8,601	-	247	8,848
Agriculture & Natural Resources	-	4,008	-	-	2,837	6,845
Capital Outlay:						
General Government	21,602	-	-	-	-	21,602
Transportation	-	-	-	848	-	848
Law, Justice & Public Safety	-	-	192	-	68	260
Agriculture & Natural Resources	-	5,994	-	-	5,795	11,789
TOTAL EXPENDITURES	<u>21,602</u>	<u>10,002</u>	<u>8,793</u>	<u>848</u>	<u>8,947</u>	<u>50,192</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(21,335)</u>	<u>(6,168)</u>	<u>(8,289)</u>	<u>(780)</u>	<u>(8,740)</u>	<u>(45,312)</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	20,060	11,207	8,356	-	9,902	49,525
Transfers Out	(1)	(3,839)	(115)	-	(285)	(4,240)
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,059</u>	<u>7,368</u>	<u>8,241</u>	<u>-</u>	<u>9,617</u>	<u>45,285</u>
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,276)	1,200	(48)	(780)	877	(27)
FUND BALANCE JULY 1	<u>1,513</u>	<u>6,000</u>	<u>2,535</u>	<u>2,248</u>	<u>509</u>	<u>12,805</u>
FUND BALANCE JUNE 30	<u>\$ 237</u>	<u>\$ 7,200</u>	<u>\$ 2,487</u>	<u>\$ 1,468</u>	<u>\$ 1,386</u>	<u>\$ 12,778</u>

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COMBINING FINANCIAL STATEMENTS

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the State has decided that a periodic determination of net income is appropriate for accountability purposes.

Iowa Communications Network accounts for a statewide telecommunications system and its related revenues and expenditures.

Iowa Lottery is used to account for lottery revenues, administrative and operating expenses of the Lottery division, and the distribution of revenue to the General Fund.

Underground Storage Tank Insurance Fund offers financial assurance for claims from leaking underground storage tanks to qualified owners/operators.

Iowa State Prison Industries Fund accounts for the revenues and expenses related to the sale of products made by the various prison industries.

Other Enterprise Funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Enterprise funds.

STATE OF IOWA

Combining Balance Sheet Enterprise Funds

June 30, 2000
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 9,849	\$ 6,733	\$ 33,362	\$ 3,401	\$ 6,258	\$ 59,603
Deposits With Trustees	22,728	-	-	-	-	22,728
Accounts Receivable (Net)	1,715	1,356	230	2,337	2,225	7,863
Interest Receivable	42	69	-	-	-	111
Due From Other Funds	2,933	-	303	-	1	3,237
Fixed Assets (Net)	76,042	575	-	4,600	1,425	82,642
Inventory	5,492	1,375	-	4,912	1,067	12,846
Prepaid Expenses	1,112	670	-	215	80	2,077
Other Assets	1,311	-	-	-	-	1,311
Investment In Prize Annuity	-	63,889	-	-	-	63,889
Prize Deposit	-	6,031	-	-	-	6,031
TOTAL ASSETS	<u>\$ 121,224</u>	<u>\$80,698</u>	<u>\$ 33,895</u>	<u>\$ 15,465</u>	<u>\$ 11,056</u>	<u>\$ 262,338</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 6,943	\$ 978	\$ 2,912	\$ 997	\$ 6,682	\$ 18,512
Due To Other Funds/Advances						
From Other Funds	116	3,073	-	-	20	3,209
Interest Payable	2,342	-	-	-	-	2,342
Deferred Revenue	-	292	785	4	56	1,137
Compensated Absences	375	472	-	372	27	1,246
Capital Leases	-	-	-	-	23	23
Other Financing						
Arrangements Payable	75,730	-	-	-	-	75,730
Annuities Payable	-	64,019	-	-	-	64,019
Lottery Prizes Payable	-	9,491	-	-	-	9,491
Funds Held In Custody	175	-	-	-	-	175
Lease Obligation From						
Discontinued Operations	-	-	-	-	95	95
TOTAL LIABILITIES	<u>85,681</u>	<u>78,325</u>	<u>3,697</u>	<u>1,373</u>	<u>6,903</u>	<u>175,979</u>
FUND EQUITY						
Contributed Capital:						
Intergovernmental	69,840	-	-	-	-	69,840
Retained Earnings	(34,297)	2,373	30,198	14,092	4,153	16,519
TOTAL FUND EQUITY	<u>35,543</u>	<u>2,373</u>	<u>30,198</u>	<u>14,092</u>	<u>4,153</u>	<u>86,359</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 121,224</u>	<u>\$80,698</u>	<u>\$ 33,895</u>	<u>\$ 15,465</u>	<u>\$ 11,056</u>	<u>\$ 262,338</u>

STATE OF IOWA

Combining Statement of Revenues, Expenses and Changes in Retained Earnings Enterprise Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
OPERATING REVENUES:						
Receipts from Other Entities	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
Fees, Licenses & Permits	-	18	-	-	8,669	8,687
Refunds & Reimbursements	-	-	-	-	123	123
Sales, Rents & Services	31,515	169,711	2,126	14,488	106,286	324,126
Miscellaneous	-	7	-	-	1,100	1,107
TOTAL OPERATING REVENUES	<u>31,515</u>	<u>169,736</u>	<u>2,126</u>	<u>14,488</u>	<u>116,179</u>	<u>334,044</u>
OPERATING EXPENSES:						
General & Administrative	14,844	-	-	12,693	246	27,783
Depreciation	15,570	407	-	540	400	16,917
Direct Expense	17,511	-	-	-	-	17,511
Prize Expense	-	98,392	-	-	-	98,392
Personal Services	-	5,322	-	-	704	6,026
Travel & Subsistence	-	-	-	-	86	86
Supplies & Materials	-	323	-	-	414	737
Contractual Services	-	18,409	320	-	2,363	21,092
Equipment & Repairs	-	227	-	-	4	231
Claims & Miscellaneous	-	11,442	58	-	68,383	79,883
Licenses, Permits & Refunds	-	-	29	-	753	782
State Aids & Credits	-	-	-	-	2,336	2,336
TOTAL OPERATING EXPENSES	<u>47,925</u>	<u>134,522</u>	<u>407</u>	<u>13,233</u>	<u>75,689</u>	<u>271,776</u>
OPERATING INCOME (LOSS)	<u>(16,410)</u>	<u>35,214</u>	<u>1,719</u>	<u>1,255</u>	<u>40,490</u>	<u>62,268</u>
NONOPERATING REVENUES (EXPENSES):						
Taxes	-	-	-	-	4,139	4,139
Intragovernmental Income	6,693	-	-	-	-	6,693
Federal Support	761	-	-	-	-	761
Investment Income	938	639	1,720	189	2	3,488
Interest Expense	(4,797)	-	-	-	-	(4,797)
Payments To Subrecipients	(761)	-	-	-	-	(761)
Miscellaneous Nonoperating Expense	(219)	-	-	-	-	(219)
Gain On Sale Of Fixed Assets	-	-	-	12	6	18
Loss On Sale Of Fixed Assets	(59)	-	-	(2)	(2)	(63)
NET NONOPERATING REVENUES (EXPENSES)	<u>2,556</u>	<u>639</u>	<u>1,720</u>	<u>199</u>	<u>4,145</u>	<u>9,259</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(13,854)</u>	<u>35,853</u>	<u>3,439</u>	<u>1,454</u>	<u>44,635</u>	<u>71,527</u>
OPERATING TRANSFERS:						
Transfers In	-	-	-	-	654	654
Transfers Out	-	(36,276)	-	-	(45,903)	(82,179)
TOTAL OPERATING TRANSFERS	<u>-</u>	<u>(36,276)</u>	<u>-</u>	<u>-</u>	<u>(45,249)</u>	<u>(81,525)</u>
NET INCOME (LOSS)	<u>(13,854)</u>	<u>(423)</u>	<u>3,439</u>	<u>1,454</u>	<u>(614)</u>	<u>(9,998)</u>
Add Back Depreciation On Assets Acquired With Contributed Capital	<u>5,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,908</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	<u>(7,946)</u>	<u>(423)</u>	<u>3,439</u>	<u>1,454</u>	<u>(614)</u>	<u>(4,090)</u>
RETAINED EARNINGS JULY 1	<u>(26,351)</u>	<u>2,796</u>	<u>26,759</u>	<u>12,638</u>	<u>4,767</u>	<u>20,609</u>
RETAINED EARNINGS JUNE 30	<u>\$ (34,297)</u>	<u>\$ 2,373</u>	<u>\$ 30,198</u>	<u>\$ 14,092</u>	<u>\$ 4,153</u>	<u>\$ 16,519</u>

STATE OF IOWA

Combining Statement of Cash Flows Enterprise Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 43,314	\$173,722	\$ 1,933	\$ 15,006	\$ 115,810	\$ 349,785
Cash Received From Quasi-External Transactions	-	-	1	-	15	16
Other Operating Revenues	-	25	-	-	10	35
Cash Payments To Suppliers For Goods & Services	(29,220)	(30,850)	(561)	(13,485)	(32,371)	(106,487)
Cash Payments To Employees For Services	(5,811)	(5,281)	-	-	(181)	(11,273)
Cash Payments For Quasi-External Transactions	-	-	-	-	(45,787)	(45,787)
Cash Payments For Prizes	<u>-</u>	<u>(111,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,345)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,283</u>	<u>26,271</u>	<u>1,373</u>	<u>1,521</u>	<u>37,496</u>	<u>74,944</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In From Other Funds	-	-	-	-	654	654
Operating Transfers Out To Other Funds	-	(37,571)	-	-	(45,907)	(83,478)
Federal Grants Received	761	-	-	-	-	761
Federal Grants Disbursed To Subrecipients	(761)	-	-	-	-	(761)
Tax Receipts	<u>6,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,139</u>	<u>10,832</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>6,693</u>	<u>(37,571)</u>	<u>-</u>	<u>-</u>	<u>(41,114)</u>	<u>(71,992)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction Of Capital Assets	(11,041)	(290)	-	(869)	(182)	(12,382)
Interest Paid	(4,966)	-	-	-	-	(4,966)
COPs Payments	(8,794)	-	-	-	-	(8,794)
Contributed Capital	9,186	-	-	-	-	9,186
Proceeds From Sale Of Capital Assets	<u>-</u>	<u>21</u>	<u>-</u>	<u>23</u>	<u>20</u>	<u>64</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(15,615)</u>	<u>(269)</u>	<u>-</u>	<u>(846)</u>	<u>(162)</u>	<u>(16,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	909	600	1,720	189	2	3,420
Proceeds From Sale & Maturities Of Investments	3,449	11,376	-	-	-	14,825
Purchase Of Investments	<u>(2,327)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,327)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,031</u>	<u>11,976</u>	<u>1,720</u>	<u>189</u>	<u>2</u>	<u>15,918</u>

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STATE OF IOWA

(Continued)

	IOWA COMMUNI- CATIONS NETWORK	IOWA LOTTERY	UNDERGROUND STORAGE TANK INSURANCE	IOWA STATE PRISON INDUSTRIES	OTHER	TOTAL
NET INCREASE IN CASH & CASH EQUIVALENTS	1,392	407	3,093	864	(3,778)	1,978
CASH & CASH EQUIVALENTS JULY 1	<u>28,859</u>	<u>6,326</u>	<u>30,269</u>	<u>2,537</u>	<u>10,036</u>	<u>78,027</u>
CASH & CASH EQUIVALENTS JUNE 30	30,251	6,733	33,362	3,401	6,258	80,005
INVESTMENTS	2,326	-	-	-	-	2,326
LESS: DEPOSITS WITH TRUSTEE	<u>22,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,728</u>
CASH AND INVESTMENTS PER BALANCE SHEET	<u>\$ 9,849</u>	<u>\$ 6,733</u>	<u>\$ 33,362</u>	<u>\$ 3,401</u>	<u>\$ 6,258</u>	<u>\$ 59,603</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$(16,410)	\$ 35,214	\$ 1,719	\$ 1,255	\$ 40,490	\$ 62,268
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities						
Depreciation	15,570	407	-	540	400	16,917
Compensated Absences	47	12	-	46	7	112
Loss (Gain) On Sale Of Fixed Assets	(59)	3	-	-	-	(56)
(Increase) Decrease In Accounts Receivable	498	4,317	(90)	518	(454)	4,789
(Increase) Decrease In Due From Other Funds	12,520	-	(15)	-	99	12,604
(Increase) Decrease In Inventory	(1,211)	282	-	(667)	415	(1,181)
(Increase) Decrease In Prepaid Expense	143	(2)	-	48	(737)	(548)
(Increase) Decrease In Other Assets	185	(425)	-	-	-	(240)
Increase (Decrease) In Accounts Payable & Accruals	(2,521)	(1,185)	(154)	(219)	(2,723)	(6,802)
Increase (Decrease) In Due To Other Funds	(83)	14	(87)	-	(12)	(168)
Increase (Decrease) In Deferred Revenue	-	161	-	-	11	172
Increase (Decrease) in Funds Held in Custody	(396)	-	-	-	-	(396)
Increase (Decrease) In Prizes Payable	-	(1,151)	-	-	-	(1,151)
Increase (Decrease) In Prize Annuity	<u>-</u>	<u>(11,376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,376)</u>
Net Cash Provided By Operating Activities	<u>\$ 8,283</u>	<u>\$ 26,271</u>	<u>\$ 1,373</u>	<u>\$ 1,521</u>	<u>\$ 37,496</u>	<u>\$ 74,944</u>

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COMBINING FINANCIAL STATEMENTS

Internal Service Funds

Internal Service funds account for State activities that provide goods and services to other State departments or agencies on a cost reimbursement basis.

Materials and Equipment Revolving Fund accounts for the purchase, repair, maintenance, and replacement of equipment, machinery, and supplies used by the Department of Transportation.

Health Insurance Premium Reserve Fund accounts for health insurance deductions from payroll, to pay estimated claims that would be outstanding at the point the State discontinued to pay the health carrier on behalf of State employees.

Health Insurance Premium Operating Fund receives health insurance deductions from payroll to reimburse the health carrier on behalf of covered State employees.

Depreciation Revolving receives monthly depreciation payments from State departments owning vehicles. The money is used to purchase replacement vehicles for the departments.

Other Internal Service Funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Internal Services funds.

STATE OF IOWA
Combining Balance Sheet
Internal Service Funds

June 30, 2000
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 1,595	\$ 11,709	\$ 4	\$ 23	\$ 25,133	\$ 38,464
Accounts Receivable	138	200	2,014	-	598	2,950
Interest Receivable	-	-	-	-	7	7
Due From Other Funds/ Advances to Other Funds	1,950	668	4,683	1,905	29,334	38,540
Fixed Assets (Net)	89,330	-	-	-	2,678	92,008
Inventory	4,807	-	-	4,606	1,626	11,039
Prepaid Expenses	<u>-</u>	<u>-</u>	<u>2,855</u>	<u>-</u>	<u>313</u>	<u>3,168</u>
TOTAL ASSETS	<u>\$ 97,820</u>	<u>\$ 12,577</u>	<u>\$ 9,556</u>	<u>\$ 6,534</u>	<u>\$ 59,689</u>	<u>\$ 186,176</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 2,952	\$ -	\$ -	\$ 380	\$ 33,476	\$ 36,808
Due To Other Funds/Advances From Other Funds	8	-	-	4	1,595	1,607
Deferred Revenue	-	-	-	6,094	-	6,094
Compensated Absences	<u>368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>643</u>
TOTAL LIABILITIES	<u>3,328</u>	<u>-</u>	<u>-</u>	<u>6,478</u>	<u>35,346</u>	<u>45,152</u>
FUND EQUITY						
Retained Earnings	<u>94,492</u>	<u>12,577</u>	<u>9,556</u>	<u>56</u>	<u>24,343</u>	<u>141,024</u>
TOTAL FUND EQUITY	<u>94,492</u>	<u>12,577</u>	<u>9,556</u>	<u>56</u>	<u>24,343</u>	<u>141,024</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 97,820</u>	<u>\$ 12,577</u>	<u>\$ 9,556</u>	<u>\$ 6,534</u>	<u>\$ 59,689</u>	<u>\$ 186,176</u>

STATE OF IOWA

Combining Statement of Revenues, Expenses and Changes in Retained Earnings Internal Service Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
OPERATING REVENUES:						
Receipts From Other Entities	\$ 1,247	\$ 8	\$ -	\$ 8,474	\$ 61,799	\$ 71,528
Fees, Licenses & Permits	-	-	-	-	104	104
Refunds & Reimbursements	38,917	7,513	111,871	-	14,864	173,165
Sales, Rents & Services	-	-	-	1,992	538	2,530
Miscellaneous	<u>2,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910</u>	<u>3,602</u>
TOTAL OPERATING REVENUES	<u>42,856</u>	<u>7,521</u>	<u>111,871</u>	<u>10,466</u>	<u>78,215</u>	<u>250,929</u>
OPERATING EXPENSES:						
Depreciation	15,444	-	-	-	463	15,907
Personal Services	3,709	-	-	-	3,096	6,805
Travel & Subsistence	5,228	-	-	39	5,106	10,373
Supplies & Materials	13,319	-	-	18	17,397	30,734
Contractual Services	5,062	-	-	55	3,357	8,474
Equipment & Repairs	404	-	-	10,480	966	11,850
Claims & Miscellaneous	-	-	132,235	-	28,220	160,455
Licenses, Permits & Refunds	<u>14</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>6</u>	<u>86</u>
TOTAL OPERATING EXPENSES	<u>43,180</u>	<u>-</u>	<u>132,235</u>	<u>10,658</u>	<u>58,611</u>	<u>244,684</u>
OPERATING INCOME (LOSS)	<u>(324)</u>	<u>7,521</u>	<u>(20,364)</u>	<u>(192)</u>	<u>19,604</u>	<u>6,245</u>
NONOPERATING REVENUES (EXPENSES):						
Taxes	14	-	-	-	520	534
Investment Income	-	1,104	224	-	1,097	2,425
Interest Expense	-	-	-	-	(14)	(14)
Gain On Sale Of Fixed Assets	512	-	-	-	-	512
Loss On Sale Of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77)</u>	<u>(77)</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>526</u>	<u>1,104</u>	<u>224</u>	<u>-</u>	<u>1,526</u>	<u>3,380</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>202</u>	<u>8,625</u>	<u>(20,140)</u>	<u>(192)</u>	<u>21,130</u>	<u>9,625</u>
OPERATING TRANSFERS:						
Transfers In	4,939	11,149	33,345	-	-	49,433
Transfers Out	<u>-</u>	<u>(34,199)</u>	<u>(11,149)</u>	<u>-</u>	<u>(43)</u>	<u>(45,391)</u>
TOTAL OPERATING TRANSFERS	<u>4,939</u>	<u>(23,050)</u>	<u>22,196</u>	<u>-</u>	<u>(43)</u>	<u>4,042</u>
NET INCOME (LOSS)	<u>5,141</u>	<u>(14,425)</u>	<u>2,056</u>	<u>(192)</u>	<u>21,087</u>	<u>13,667</u>
RETAINED EARNINGS JULY 1	89,351	27,002	7,500	248	13,970	138,071
Adjustments (Note 21)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,714)</u>	<u>(10,714)</u>
RETAINED EARNINGS JULY 1, RESTATED	<u>89,351</u>	<u>27,002</u>	<u>7,500</u>	<u>248</u>	<u>3,256</u>	<u>127,357</u>
RETAINED EARNINGS JUNE 30	<u>\$ 94,492</u>	<u>\$ 12,577</u>	<u>\$ 9,556</u>	<u>\$ 56</u>	<u>\$ 24,343</u>	<u>\$ 141,024</u>

STATE OF IOWA

Combining Statement of Cash Flows Internal Service Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 974	\$ -	\$ 12,666	\$ 2,023	\$ 7,986	\$ 23,649
Cash Received From Quasi-External Transactions	39,532	7,054	100,232	8,059	46,082	200,959
Cash Received From Miscellaneous	2,691	-	-	-	10	2,701
Cash Payments To Suppliers For Goods & Services	(18,940)	(33)	(124,300)	(1,848)	(50,814)	(195,935)
Cash Payments To Employees For Services	(3,658)	-	-	-	(2,830)	(6,488)
Cash Payments For Quasi-External Transactions	<u>(4,018)</u>	<u>-</u>	<u>(11,157)</u>	<u>(10,660)</u>	<u>(3,400)</u>	<u>(29,235)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>16,581</u>	<u>7,021</u>	<u>(22,559)</u>	<u>(2,426)</u>	<u>(2,966)</u>	<u>(4,349)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In From Other Funds	4,939	11,149	33,345	-	-	49,433
Operating Transfers Out To Other Funds	-	(34,199)	(11,149)	-	(43)	(45,391)
Interest Paid	-	-	-	-	(14)	(14)
Tax Receipts	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>519</u>	<u>533</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>4,953</u>	<u>(23,050)</u>	<u>22,196</u>	<u>-</u>	<u>462</u>	<u>4,561</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition & Construction Of Capital Assets	(24,578)	-	-	-	(752)	(25,330)
Proceeds From Sale Of Capital Assets	<u>1,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127</u>	<u>1,739</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(22,966)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(625)</u>	<u>(23,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest & Dividends On Investments	-	1,104	225	-	1,084	2,413
Proceeds From Sale & Maturities Of Investments	-	-	-	-	1,462	1,462
Purchase Of Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,357)</u>	<u>(1,357)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>1,104</u>	<u>225</u>	<u>-</u>	<u>1,189</u>	<u>2,518</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	(1,432)	(14,925)	(138)	(2,426)	(1,940)	(20,861)
CASH & CASH EQUIVALENTS JULY 1	<u>3,027</u>	<u>26,634</u>	<u>142</u>	<u>2,449</u>	<u>25,751</u>	<u>58,003</u>
CASH & CASH EQUIVALENTS JUNE 30	1,595	11,709	4	23	23,811	37,142
INVESTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,322</u>	<u>1,322</u>
CASH & INVESTMENTS PER BALANCE SHEET	<u>\$ 1,595</u>	<u>\$ 11,709</u>	<u>\$ 4</u>	<u>\$ 23</u>	<u>\$ 25,133</u>	<u>\$ 38,464</u>

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STATE OF IOWA

(Continued)

	MATERIALS & EQUIPMENT REVOLVING	HEALTH INSURANCE PREMIUM RESERVE	HEALTH INSURANCE PREMIUM OPERATING	DEPRECIATION REVOLVING	OTHER	TOTAL
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (324)	\$ 7,521	\$ (20,364)	\$ (192)	\$ 19,604	\$ 6,245
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities						
Depreciation	15,444	-	-	-	463	15,907
Compensated Absences	50	-	-	-	45	95
(Increase) Decrease In Accounts Receivable	47	(200)	311	-	66	224
(Increase) Decrease In Due From Other Funds	294	(267)	716	547	(24,270)	(22,980)
(Increase) Decrease In Inventory	2	-	-	(2,222)	16	(2,204)
(Increase) Decrease In Prepaid Expense	24	-	(2,855)	6	353	(2,472)
Increase (Decrease) In Accounts Payable & Accruals	1,039	(33)	(367)	367	1,309	2,315
Increase (Decrease) In Due To Other Funds	5	-	-	(2)	(552)	(549)
Increase (Decrease) To Deferred Revenue	-	-	-	(930)	-	(930)
Net Cash Provided By Operating Activities	<u>\$ 16,581</u>	<u>\$ 7,021</u>	<u>\$ (22,559)</u>	<u>\$ (2,426)</u>	<u>\$ (2,966)</u>	<u>\$ (4,349)</u>

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COMBINING FINANCIAL STATEMENTS

Trust and Agency Funds

Expendable Trust Funds

Expendable Trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Unemployment Benefits Fund receives federal funds for unemployment benefits which are distributed in accordance with federal guidelines.

Unclaimed Property accounts for assets that have not been claimed by the original owner from corporations, banks, insurance companies, etc. A portion of this money stays in the account to pay claims while the rest is transferred to the general fund.

Grain Indemnity receives a per bushel fee on grain sold from elevators with new licenses or amended licenses, and the liquidation proceeds from bankrupt grain elevators to compensate farmers for losses incurred from storing grain in defaulted elevators.

Iowa Educational Savings Plan Trust receives contributions from participants for investment for future application towards payment of higher education costs for designated beneficiaries.

Other Expendable Trust Funds, aggregated for reporting purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and institutional canteens ran for the benefit of the residents/inmates.

Nonexpendable Trust Funds

Nonexpendable Trust funds account for assets held by the State in a trustee capacity where only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact.

Permanent School Principal Fund accounts for the principal derived from the sale of specific land. The interest is to be used for educational purposes.

Iowa Braille and Sight Saving School accounts for gifts and bequests given for the betterment of the school.

Pilot Grove Trust Fund accounts for a \$10,000 donation in support and maintenance of the Pilot Grove area.

Henry Albert Trust accounts for trust money for the Department of Public Health and transfers the applicable interest to the Department.

Pension Trust Funds

Pension Trust funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various State employee retirement systems. See Note 18 - Pension Plans.

Agency Funds

Agency funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or organizations.

Local Sales and Services Tax is used to account for local option sales taxes collected by retailers and deposited with the State. The taxes are then distributed back to the counties which have jurisdictions imposing local option sales tax.

Centralized Payroll Trustee is used to account for accumulation of all voluntary and discretionary payroll deductions from the centralized payroll process.

Judicial-Clerks of District Court act as a collecting agency for many fees and taxes that are then distributed to the proper local government or recipient.

School District Surtax Clearing Fund collects and distributes surtax to the school districts according to the surtax formula set by the districts.

Other Agency Funds, aggregated for reporting purposes, represent amounts held for inmates and residents of State institutions, miscellaneous clearing accounts, and other deposits.

STATE OF IOWA

Combining Balance Sheet Trust and Agency Funds

June 30, 2000
(Expressed in Thousands)

	EXPENDABLE TRUST	NON- EXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTAL
ASSETS					
Cash & Investments	\$ 854,668	\$ 7,642	\$ 18,735,473	\$ 87,390	\$ 19,685,173
Accounts Receivable (Net)	65,779	-	278,159	56,294	400,232
Interest Receivable	3	-	43,155	-	43,158
Notes Receivable	42	-	-	-	42
Benefit Overpayment Receivable (Net)	16,160	-	-	-	16,160
Due From Other Funds/Advances To					
Other Funds	3,337	-	-	34,506	37,843
Fixed Assets (Net)	446	-	4,240	-	4,686
Inventory	288	-	-	-	288
Prepaid Expenditures/Expenses	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
TOTAL ASSETS	<u>\$ 940,737</u>	<u>\$ 7,642</u>	<u>\$ 19,061,027</u>	<u>\$ 178,190</u>	<u>\$ 20,187,596</u>
LIABILITIES					
Accounts Payable & Accruals	\$ 11,236	\$ -	\$ 1,609,579	\$ 81,622	\$ 1,702,437
Due To Other Funds/Advances From					
Other Funds	1,743	80	-	29,511	31,334
Deferred Revenue	1,597	-	-	-	1,597
Funds Held In Custody	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,057</u>	<u>67,057</u>
TOTAL LIABILITIES	<u>14,576</u>	<u>80</u>	<u>1,609,579</u>	<u>178,190</u>	<u>1,802,425</u>
FUND BALANCE					
Reserve for:					
Inventory & Prepaid Expenditures	302	-	-	-	302
Noncurrent Receivables	1,366	-	-	-	1,366
Employees' Pension Benefit	-	-	17,451,448	-	17,451,448
Specific Purposes	40,843	-	-	-	40,843
Unreserved Fund Equity	<u>883,650</u>	<u>7,562</u>	<u>-</u>	<u>-</u>	<u>891,212</u>
TOTAL FUND BALANCE	<u>926,161</u>	<u>7,562</u>	<u>17,451,448</u>	<u>-</u>	<u>18,385,171</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 940,737</u>	<u>\$ 7,642</u>	<u>\$ 19,061,027</u>	<u>\$ 178,190</u>	<u>\$ 20,187,596</u>

STATE OF IOWA
Combining Balance Sheet
Expendable Trust Funds

June 30, 2000
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA EDUCATIONAL SAVINGS PLAN TRUST	OTHER	TOTAL
ASSETS						
Cash & Investments	\$ 778,195	\$ 11,828	\$ 9,061	\$ 38,392	\$ 17,192	\$ 854,668
Accounts Receivable (Net)	65,232	29	-	-	518	65,779
Interest Receivable	-	-	-	-	3	3
Notes Receivable	-	-	-	-	42	42
Benefit Overpayment Receivable (Net)	16,160	-	-	-	-	16,160
Due From Other Funds/ Advances To Other Funds	1,500	-	144	-	1,693	3,337
Fixed Assets	-	74	-	-	372	446
Inventory	-	-	-	-	288	288
Prepaid Expenditures	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>14</u>
TOTAL ASSETS	<u>\$ 861,087</u>	<u>\$ 11,934</u>	<u>\$ 9,205</u>	<u>\$ 38,392</u>	<u>\$ 20,119</u>	<u>\$ 940,737</u>
LIABILITIES						
Accounts Payable & Accruals	\$ 7,242	\$ 2,822	\$ 3	\$ -	\$ 1,169	\$ 11,236
Due To Other Funds	142	1,422	1	-	178	1,743
Deferred Revenue	<u>1,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>1,597</u>
TOTAL LIABILITIES	<u>8,951</u>	<u>4,244</u>	<u>4</u>	<u>-</u>	<u>1,377</u>	<u>14,576</u>
FUND BALANCE						
Reserve For:						
Inventory & Prepaid Expenditures	-	3	-	-	299	302
Noncurrent Receivables	1,366	-	-	-	-	1,366
Specific Purposes – Educational Savings	-	-	-	38,392	-	38,392
Specific Purposes	-	-	-	-	2,451	2,451
Unreserved Fund Equity	<u>850,770</u>	<u>7,687</u>	<u>9,201</u>	<u>-</u>	<u>15,992</u>	<u>883,650</u>
TOTAL FUND BALANCE	<u>852,136</u>	<u>7,690</u>	<u>9,201</u>	<u>38,392</u>	<u>18,742</u>	<u>926,161</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 861,087</u>	<u>\$ 11,934</u>	<u>\$ 9,205</u>	<u>\$ 38,392</u>	<u>\$ 20,119</u>	<u>\$ 940,737</u>

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Expendable Trust Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	UNEMPLOYMENT BENEFITS	UNCLAIMED PROPERTY	GRAIN INDEMNITY	IOWA EDUCATIONAL SAVINGS PLAN TRUST	OTHER	TOTAL
REVENUES:						
Taxes	\$ 201,575	\$ -	\$ -	\$ -	\$ -	\$ 201,575
Receipts From Other Entities	3,284	-	-	22,522	1,228	27,034
Investment Income	50,475	335	481	1,972	982	54,245
Fees, Licenses & Permits	-	-	-	-	194	194
Refunds & Reimbursements	4,565	-	-	-	46	4,611
Sales, Rents & Services	-	-	-	-	4,124	4,124
Miscellaneous	-	4,615	12	-	24,764	29,391
Centralized Payroll	-	-	-	-	303	303
GROSS REVENUES	259,899	4,950	493	24,494	31,641	321,477
Less Revenue Refunds	-	-	-	58	8,646	8,704
NET REVENUES	<u>259,899</u>	<u>4,950</u>	<u>493</u>	<u>24,436</u>	<u>22,995</u>	<u>312,773</u>
EXPENDITURES:						
Current:						
General Government	-	425	-	-	15,120	15,545
Education	-	-	-	9	2,782	2,791
Health & Human Services	-	-	-	-	792	792
Law, Justice & Public Safety	-	-	-	-	3,741	3,741
Economic/Manpower						
Development	207,383	-	-	-	1,760	209,143
Agriculture & Natural Resources	-	-	50	-	4	54
TOTAL EXPENDITURES	<u>207,383</u>	<u>425</u>	<u>50</u>	<u>9</u>	<u>24,199</u>	<u>232,066</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>52,516</u>	<u>4,525</u>	<u>443</u>	<u>24,427</u>	<u>(1,204)</u>	<u>80,707</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers:						
Transfers In	38	-	-	-	5,125	5,163
Transfers Out	-	(3,537)	(269)	-	(6,874)	(10,680)
TOTAL OTHER FINANCING SOURCES (USES)	<u>38</u>	<u>(3,537)</u>	<u>(269)</u>	<u>-</u>	<u>(1,749)</u>	<u>(5,517)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	52,554	988	174	24,427	(2,953)	75,190
FUND BALANCE JULY 1	<u>799,582</u>	<u>6,702</u>	<u>9,027</u>	<u>13,965</u>	<u>21,695</u>	<u>850,971</u>
FUND BALANCE JUNE 30	<u>\$ 852,136</u>	<u>\$ 7,690</u>	<u>\$ 9,201</u>	<u>\$ 38,392</u>	<u>\$ 18,742</u>	<u>\$ 926,161</u>

STATE OF IOWA

Combining Balance Sheet
Nonexpendable Trust Funds

June 30, 2000
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	HENRY ALBERT TRUST	TOTAL
ASSETS					
Cash & Investments	\$ 7,546	\$ 85	\$ 10	\$ 1	\$ 7,642
TOTAL ASSETS	<u>\$ 7,546</u>	<u>\$ 85</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,642</u>
LIABILITIES					
Due To Other Funds	\$ -	\$ 80	\$ -	\$ -	\$ 80
TOTAL LIABILITIES	<u>-</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>80</u>
FUND BALANCE					
Unreserved Fund Equity	7,546	5	10	1	7,562
TOTAL FUND BALANCE	<u>7,546</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>7,562</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 7,546</u>	<u>\$ 85</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,642</u>

STATE OF IOWA

Combining Statement of Revenues, Expenses and Changes in Fund Balances Nonexpendable Trust Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	HENRY ALBERT TRUST	TOTAL
OPERATING REVENUES:					
Investment Income	\$ -	\$ 10	\$ -	\$ -	\$ 10
TOTAL OPERATING REVENUES	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
INCOME BEFORE OPERATING TRANSFERS	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
OPERATING TRANSFERS:					
Transfers Out	-	(10)	-	-	(10)
TOTAL OPERATING TRANSFERS	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
NET INCOME	-	-	-	-	-
FUND BALANCE JULY 1	<u>7,546</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>7,562</u>
FUND BALANCE JUNE 30	<u>\$ 7,546</u>	<u>\$ 5</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,562</u>

STATE OF IOWA

Combining Statement of Cash Flows Nonexpendable Trust Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	PERMANENT SCHOOL PRINCIPAL	IOWA BRAILLE & SIGHT SAVING SCHOOL	PILOT GROVE TRUST	HENRY ALBERT TRUST	TOTAL
CASH FLOW FROM NONCAPITAL FROM FINANCING ACTIVITIES:					
Operating Transfers Out to Other Funds	\$ -	\$ (10)	\$ -	\$ -	\$ (10)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest & Dividends On Investments	-	20	-	-	20
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	-	10	-	-	10
CASH & CASH EQUIVALENTS JULY 1	<u>7,546</u>	<u>75</u>	<u>10</u>	<u>1</u>	<u>7,632</u>
CASH & CASH EQUIVALENTS JUNE 30, PER BALANCE SHEET	<u>\$ 7,546</u>	<u>\$ 85</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 7,642</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ -	\$ 10	\$ -	\$ -	\$ 10
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities					
Interest (Income)	-	(10)	-	-	(10)
Net Cash Provided By Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF IOWA

Combining Statement of Plan Net Assets Pension Trust Funds

June 30, 2000
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	TOTAL
ASSETS				
Cash & Cash Equivalents	\$ 53,633	\$ 4,694	\$ 5,162	\$ 63,489
Receivables:				
Contributions	33,233	377	53	33,663
Investments Sold	166,739	470	-	167,209
Foreign Exchange Contracts	77,106	-	-	77,106
Interest & Dividends	41,623	1,531	1	43,155
Other	181	-	-	181
Total Receivables	318,882	2,378	54	321,314
Investments, At Fair Value:				
Fixed Income Securities	7,146,551	73,296	26,059	7,245,906
Equity Investments	7,583,715	145,139	40,397	7,769,251
Real Estate	626,508	-	-	626,508
Investment in Private Equity/Debt	1,480,790	-	-	1,480,790
Securities Lending Collateral Pool	533,726	12,821	-	546,547
Securities on Loan with Brokers	521,907	12,445	-	534,352
Foreign Currency	465,428	3,082	120	468,630
Total Investments	18,358,625	246,783	66,576	18,671,984
Fixed Assets (Net)	4,240	-	-	4,240
TOTAL ASSETS	18,735,380	253,855	71,792	19,061,027
LIABILITIES				
Accounts Payable & Accruals	22,756	503	144	23,403
Payable For Investments Purchased	1,038,956	962	-	1,039,918
Payable to Brokers For Rebate & Collateral	533,437	12,821	-	546,258
TOTAL LIABILITIES	1,595,149	14,286	144	1,609,579
FUND BALANCE RESERVE FOR EMPLOYEES' PENSION BENEFIT				
(Schedules of funding progress are presented on page 70)	<u>\$ 17,140,231</u>	<u>\$ 239,569</u>	<u>\$ 71,648</u>	<u>\$ 17,451,448</u>

STATE OF IOWA

Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Year Ended June 30, 2000
(Expressed in Thousands)

	BALANCE JULY 1, 1999	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2000
<u>LOCAL SALES & SERVICE TAX</u>				
ASSETS				
Cash & Investments	\$ 4	\$ 189,696	\$ 189,695	\$ 5
Accounts Receivable	<u>13,030</u>	<u>20,814</u>	<u>13,030</u>	<u>20,814</u>
TOTAL ASSETS	<u>\$ 13,034</u>	<u>\$ 210,510</u>	<u>\$ 202,725</u>	<u>\$ 20,819</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 13,030	\$ 20,812	\$ 13,030	\$ 20,812
Funds Held in Custody	<u>4</u>	<u>189,698</u>	<u>189,695</u>	<u>7</u>
TOTAL LIABILITIES	<u>\$ 13,034</u>	<u>\$ 210,510</u>	<u>\$ 202,725</u>	<u>\$ 20,819</u>
<u>CENTRALIZED PAYROLL TRUSTEE</u>				
ASSETS				
Cash & Investments	\$ 22,570	\$ 460,421	\$ 467,101	\$ 15,890
Accounts Receivable	28	8,822	28	8,822
Due From Other Funds	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 22,657</u>	<u>\$ 469,243</u>	<u>\$ 467,188</u>	<u>\$ 24,712</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 13,390	\$ 15,139	\$ 13,390	\$ 15,139
Due To Other Funds	6,647	5,914	6,647	5,914
Funds Held In Custody	<u>2,620</u>	<u>448,190</u>	<u>447,151</u>	<u>3,659</u>
TOTAL LIABILITIES	<u>\$ 22,657</u>	<u>\$ 469,243</u>	<u>\$ 467,188</u>	<u>\$ 24,712</u>
<u>JUDICIAL-CLERKS OF DISTRICT COURT</u>				
ASSETS				
Cash & Investments	\$ 16,372	\$ 265,686	\$ 266,477	\$ 15,581
TOTAL ASSETS	<u>\$ 16,372</u>	<u>\$ 265,686</u>	<u>\$ 266,477</u>	<u>\$ 15,581</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 722	\$ 8,392	\$ 8,348	\$ 766
Funds Held In Custody	<u>15,650</u>	<u>257,294</u>	<u>258,129</u>	<u>14,815</u>
TOTAL LIABILITIES	<u>\$ 16,372</u>	<u>\$ 265,686</u>	<u>\$ 266,477</u>	<u>\$ 15,581</u>

STATE OF IOWA

	BALANCE JULY 1, 1999	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2000
<u>SCHOOL DISTRICT SURTAX CLEARING</u>				
ASSETS				
Cash & Investments	\$ 24,535	\$ 41,673	\$ 38,053	\$ 28,155
Accounts Receivable	<u>11,785</u>	<u>4,602</u>	<u>11,785</u>	<u>4,602</u>
TOTAL ASSETS	<u>\$ 36,320</u>	<u>\$ 46,275</u>	<u>\$ 49,838</u>	<u>\$ 32,757</u>
LIABILITIES				
Funds Held In Custody	\$ 36,320	\$ 46,275	\$ 49,838	\$ 32,757
TOTAL LIABILITIES	<u>\$ 36,320</u>	<u>\$ 46,275</u>	<u>\$ 49,838</u>	<u>\$ 32,757</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash & Investments	\$ 31,583	\$ 929,845	\$ 933,669	\$ 27,759
Accounts Receivable	22,041	22,011	21,996	22,056
Due From Other Funds	<u>31,117</u>	<u>34,506</u>	<u>31,117</u>	<u>34,506</u>
TOTAL ASSETS	<u>\$ 84,741</u>	<u>\$ 986,362</u>	<u>\$ 986,782</u>	<u>\$ 84,321</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 38,074	\$ 45,414	\$ 38,583	\$ 44,905
Due To Other Funds	27,879	23,597	27,879	23,597
Funds Held In Custody	<u>18,788</u>	<u>917,351</u>	<u>920,320</u>	<u>15,819</u>
TOTAL LIABILITIES	<u>\$ 84,741</u>	<u>\$ 986,362</u>	<u>\$ 986,782</u>	<u>\$ 84,321</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash & Investments	\$ 95,064	\$ 1,887,321	\$ 1,894,995	\$ 87,390
Accounts Receivable	46,884	56,249	46,839	56,294
Due From Other Funds	<u>31,176</u>	<u>34,506</u>	<u>31,176</u>	<u>34,506</u>
TOTAL ASSETS	<u>\$ 173,124</u>	<u>\$ 1,978,076</u>	<u>\$ 1,973,010</u>	<u>\$ 178,190</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 65,216	\$ 89,757	\$ 73,351	\$ 81,622
Due To Other Funds	34,526	29,511	34,526	29,511
Funds Held In Custody	<u>73,382</u>	<u>1,858,808</u>	<u>1,865,133</u>	<u>67,057</u>
TOTAL LIABILITIES	<u>\$ 173,124</u>	<u>\$ 1,978,076</u>	<u>\$ 1,973,010</u>	<u>\$ 178,190</u>

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COMBINING FINANCIAL STATEMENTS

University Funds

University funds are maintained to account for operations of public institutions of higher education. These institutions maintain their own financial records which are not a part of the central accounting system of the State. The State University of Iowa, Iowa State University, and the University of Northern Iowa comprise this group.

STATE OF IOWA
Combining Balance Sheet
University Funds

June 30, 2000
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENTS & SIMILAR FUNDS
	UNRESTRICTED	RESTRICTED		
ASSETS				
Cash & Investments	\$ 268,322	\$ 35,385	\$ 9,320	\$ 274,381
Deposits With Trustees	-	-	-	-
Accounts Receivable (Net)	112,935	67,238	-	-
Interest Receivable	7,536	326	1,276	254
Notes Receivable (Net)	513	-	69,702	-
Due From Other Funds	1,048	15	-	-
Bond Issuance Costs	-	-	-	-
Fixed Assets (Net)	-	-	-	-
Inventory	40,691	-	-	-
Prepaid Expenses	11,214	577	-	-
Equity In Wholly Owned Subsidiary	<u>65</u>	<u>-</u>	<u>-</u>	<u>12,456</u>
TOTAL ASSETS	<u>\$ 442,324</u>	<u>\$ 103,541</u>	<u>\$ 80,298</u>	<u>\$ 287,091</u>
LIABILITIES				
Accounts Payable & Accruals	\$ 105,961	\$ 9,898	\$ 9	\$ 213
Due To Other Funds	67	81	-	937
Interest Payable	-	-	-	-
Deferred Revenue	21,873	-	-	-
Compensated Absences	94,793	12,044	-	-
Capital Leases	-	-	-	-
Bonds Payable	-	-	-	-
Other Financing Arrangements Payable	-	-	-	-
Funds Held In Custody	-	-	-	-
Deposits	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>222,698</u>	<u>22,023</u>	<u>9</u>	<u>1,150</u>
FUND BALANCE				
Reserved:				
Encumbrances & Contracts	57,121	9,033	-	-
Inventory	40,691	-	-	-
Debt Service	-	-	-	-
Specific Purposes	100,406	72,485	80,289	283,253
Unreserved Fund Equity	21,408	-	-	2,688
Net Investment In Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>219,626</u>	<u>81,518</u>	<u>80,289</u>	<u>285,941</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 442,324</u>	<u>\$ 103,541</u>	<u>\$ 80,298</u>	<u>\$ 287,091</u>

STATE OF IOWA

AGENCY FUNDS	PLANT FUNDS					TOTAL
	UNEXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	COMPONENT UNITS	
\$ 139,271	\$ 251,348	\$ 56,288	\$ 95,054	\$ -	\$ 569	\$ 1,129,938
-	3,930	1,428	25,814	-	-	31,172
23,511	13,419	469	13	-	482	218,067
423	101	71	216	-	-	10,203
-	-	-	-	-	-	70,215
-	-	-	22	-	-	1,085
-	-	-	-	539	-	539
-	-	-	-	3,311,515	92	3,311,607
99	-	-	-	-	802	41,592
32	-	30	-	-	22	11,875
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,521</u>
<u>\$ 163,336</u>	<u>\$ 268,798</u>	<u>\$ 58,286</u>	<u>\$ 121,119</u>	<u>\$ 3,312,054</u>	<u>\$ 1,967</u>	<u>\$ 4,838,814</u>
\$ 49,797	\$ 18,784	\$ 2,074	\$ 161	\$ 64	\$ 544	\$ 187,505
-	-	-	-	-	-	1,085
-	28	-	20,378	-	-	20,406
-	-	-	-	-	184	22,057
1,123	-	-	-	-	-	107,960
-	5,496	-	-	39,004	-	44,500
-	67,910	2	34,948	470,289	-	573,149
-	1,449	-	-	5,404	-	6,853
75,161	-	-	-	-	-	75,161
<u>37,255</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,261</u>
<u>163,336</u>	<u>93,669</u>	<u>2,076</u>	<u>55,487</u>	<u>514,761</u>	<u>728</u>	<u>1,075,937</u>
-	73,039	3,342	-	-	-	142,535
-	-	-	-	-	-	40,691
-	-	-	22,333	-	-	22,333
-	87,942	50,290	43,299	-	1,239	719,203
-	14,148	2,578	-	-	-	40,822
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,797,293</u>	<u>-</u>	<u>2,797,293</u>
<u>-</u>	<u>175,129</u>	<u>56,210</u>	<u>65,632</u>	<u>2,797,293</u>	<u>1,239</u>	<u>3,762,877</u>
<u>\$ 163,336</u>	<u>\$ 268,798</u>	<u>\$ 58,286</u>	<u>\$ 121,119</u>	<u>\$ 3,312,054</u>	<u>\$ 1,967</u>	<u>\$ 4,838,814</u>

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**S U P P L E M E N T A L
I N F O R M A T I O N**

STATE OF IOWA

Schedule of Revenues by Source General Fund

For the Year Ended June 30, 2000
(Expressed in Thousands)

	GENERAL GOVERNMENT	EDUCATION	HEALTH & HUMAN SERVICES	TRANSPORTATION
TAXES				
Beer Tax	\$ -	\$ -	\$ -	\$ -
Cigarette Tax	91,051	-	-	-
Tobacco Products Tax	6,459	-	-	-
Inheritance Tax	116,394	-	-	-
Monies & Credits	849	-	-	-
Insurance Premium Tax	120,212	-	-	-
Liquor Tax	-	-	-	-
Use Tax	512,935	-	-	-
Fuel Tax	439,293	-	-	22,997
Wagering Tax	121,223	-	2,746	-
Franchise Tax	31,921	-	-	-
Income Tax-Corporate	331,463	-	-	-
Income Tax-Individual	2,403,147	-	2,600	-
Sales Tax	1,427,673	-	3	7
Other Taxes	852	-	-	184
TOTAL TAXES	5,603,472	-	5,349	23,188
Less Refunds	521,510	-	-	7
NET TAXES	5,081,962	-	5,349	23,181
RECEIPTS FROM OTHER ENTITIES				
Federal Support	8,976	308,346	1,512,327	458,015
Local Governments	-	50	92,766	9,313
Other States	440	1,128	-	269
Intra-State Reimbursements	7,647	977	-	745
TOTAL RECEIPTS FROM OTHER ENTITIES	17,063	310,501	1,605,093	468,342
INVESTMENT INCOME				
Investment Income	72,517	3,553	935	554
TOTAL INVESTMENT INCOME	72,517	3,553	935	554
FEES, LICENSES & PERMITS				
Fees, Licenses & Permits	398,091	1,398	11,723	6,815
TOTAL FEES, LICENSES & PERMITS	398,091	1,398	11,723	6,815
REFUNDS & REIMBURSEMENTS				
Refunds & Reimbursements	89,292	33,982	110,741	8,404
TOTAL REFUNDS & REIMBURSEMENTS	89,292	33,982	110,741	8,404
SALES, RENTS & SERVICES				
Sale Of Real Estate	-	-	-	1,907
Sale Of Equipment & Salvage	12	10	206	-
Rents & Leases	-	198	923	52
Agricultural Sales	-	11	1	-
Other Sales & Services	137	1,102	1,596	-
TOTAL SALES, RENTS & SERVICES	149	1,321	2,726	1,959
MISCELLANEOUS				
Unearned Receipts	1	2,291	2,007	-
Other	15,959	5,803	42,256	13,783
TOTAL MISCELLANEOUS	15,960	8,094	44,263	13,783
Less Refunds	19,870	406	14,046	28,208
TOTAL REVENUE BY SOURCE	\$ 5,655,164	\$ 358,443	\$ 1,766,784	\$ 494,830

STATE OF IOWA

LAW, JUSTICE & PUBLIC SAFETY	ECONOMIC/ MANPOWER DEVELOPMENT	REGULATION OF BUSINESS	AGRICULTURE & NATURAL RESOURCES	TOTAL
\$ -	\$ 13	\$ 13,624	\$ -	\$ 13,637
-	-	-	-	91,051
-	-	-	-	6,459
-	-	-	-	116,394
-	-	-	-	849
-	-	-	-	120,212
-	13	1	-	14
1,120	3,650	-	350	518,055
-	-	-	-	462,290
58,395	-	-	-	182,364
-	-	-	-	31,921
-	-	-	-	331,463
106	7,083	-	-	2,412,936
-	-	-	-	1,427,683
-	9,052	-	-	10,088
59,621	19,811	13,625	350	5,725,416
-	-	-	285	521,802
59,621	19,811	13,625	65	5,203,614
60,033	97,348	88	24,680	2,469,813
41,136	102	-	3	143,370
-	-	-	-	1,837
6,465	2,267	-	83	18,184
107,634	99,717	88	24,766	2,633,204
902	2,680	36	2,147	83,324
902	2,680	36	2,147	83,324
26,087	2,428	32,933	48,162	527,637
26,087	2,428	32,933	48,162	527,637
7,761	572	3,691	1,047	255,490
7,761	572	3,691	1,047	255,490
-	-	-	-	1,907
26	-	-	41	295
1,852	-	-	2,731	5,756
-	-	-	176	188
961	1,281	22	4,519	9,618
2,839	1,281	22	7,467	17,764
339	699	-	124	5,461
16,383	1,649	307	2,524	98,664
16,722	2,348	307	2,648	104,125
169	26	-	981	63,706
\$ 221,397	\$ 128,811	\$ 50,702	\$ 85,321	\$ 8,761,452

STATE OF IOWA

Schedule of Expenditures by Function and Department General Fund

For the Year Ended June 30, 2000
(Expressed in Thousands)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
GENERAL GOVERNMENT				
Auditor Of State	\$ 5,928	\$ 375	\$ 57	\$ 137
Ethics & Campaign Disclosure Board	415	10	24	16
General Services - Information Technology	7,439	117	275	6,741
General Services Capital	-	-	-	-
Iowa Telecommunications	-	-	-	4,399
General Services	6,451	59	599	6,670
Governor	1,736	66	229	119
Legislative House	6,184	1,291	366	81
Legislative Senate	4,053	720	217	72
Legislative Joint Expense	93	8	14	105
Legislative Citizens' Aide	775	14	36	68
Legislative Computer Support	858	32	18	103
Legislative Fiscal Bureau	1,855	47	65	105
Legislative Service Bureau	3,370	40	455	262
Administrative Rules	98	6	2	1
Management	2,816	104	316	29,087
Personnel	4,479	158	258	5,966
Revenue And Finance	22,971	380	2,461	6,810
Secretary Of State	2,091	30	310	276
Governors Substance Abuse	701	41	57	6,760
Executive Council	-	-	-	511
Treasurer Of State	1,229	26	112	20,493
Underground Storage Tanks	-	5	8	13,854
Uniform State Laws	-	22	-	-
TOTAL GENERAL GOVERNMENT	73,542	3,551	5,879	102,636
EDUCATION				
Cultural Affairs	4,125	68	488	867
Cultural Affairs Capitals	-	-	-	157
Education, Voc Rehab Capitals	-	-	-	-
Education	13,383	652	2,050	10,257
Education, Voc Rehab	16,575	275	625	4,254
College Aid	1,614	29	135	5,116
Education, IPT	7,318	225	2,469	10,094
Regents, Board Of	1,287	74	65	344
Iowa Braille & Sight Saving School	4,227	93	375	446
Iowa School For The Deaf	6,886	28	628	612
TOTAL EDUCATION	55,415	1,444	6,835	32,147
HEALTH & HUMAN SERVICES				
Blind, Department For The	4,511	168	177	773
Civil Rights Commission	1,610	24	93	255
Elder Affairs	1,348	81	76	262
Human Rights	2,864	132	170	46,142
Human Services Administration	18,447	306	1,511	14,078
Human Services Community Serv.	104,257	2,191	2,843	24,167
Human Services Toledo	5,542	16	460	559
Human Services Eldora	8,427	47	739	1,287
Predator Civil Commitment	714	36	37	83
Human Services Cherokee	10,803	56	1,132	1,223
Human Services Clarinda	6,095	40	768	390
Human Services Independence	15,720	35	1,281	1,926
Human Services Mt. Pleasant	4,702	14	4	685
Human Services Glenwood	35,651	196	3,341	1,755
Human Services Woodward	28,224	142	2,546	1,933
Human Services Assistance	1,892	228	1,750	78,417
Public Health	18,848	768	20,508	67,318
Veterans Affairs	35,199	76	4,636	5,281
TOTAL HEALTH & HUMAN SERVICES	304,854	4,556	42,072	246,534
TRANSPORTATION				
Transportation	164,338	19,756	30,775	104,832
Transportation Capitals	-	-	-	-
TOTAL TRANSPORTATION	164,338	19,756	30,775	104,832

STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 144	\$ -	\$ -	\$ -	\$ -	\$ 6,641
42	-	-	-	-	507
4,525	-	-	-	-	19,097
-	-	-	-	37,346	37,346
-	-	-	-	-	4,399
181	100	1	-	34	14,095
66	-	-	-	-	2,216
208	-	-	-	-	8,130
193	-	-	-	-	5,255
33	-	-	-	-	253
15	2	-	-	-	910
1,320	-	-	-	-	2,331
254	-	-	-	-	2,326
93	-	-	-	-	4,220
-	-	-	-	-	107
176	1,314	31	1,126	-	34,970
264	3	-	-	-	11,128
1,507	1,294	19	262,428	-	297,870
173	13	-	-	-	2,893
111	14	-	-	-	7,684
-	15	-	236	-	762
36	-	-	406,070	-	427,966
-	11,984	-	-	-	25,851
-	-	-	-	-	22
<u>9,341</u>	<u>14,739</u>	<u>51</u>	<u>669,860</u>	<u>37,380</u>	<u>916,979</u>
87	9	-	2,394	-	8,038
-	-	-	1,972	-	2,129
-	-	-	3,000	-	3,000
877	131	-	2,258,376	-	2,285,726
865	1,485	-	14,472	182	38,733
38	6,040	-	86,822	-	99,794
1,307	-	-	-	-	21,413
25	-	-	-	-	1,795
317	-	-	-	517	5,975
163	-	-	-	1,135	9,452
<u>3,679</u>	<u>7,665</u>	<u>-</u>	<u>2,367,036</u>	<u>1,834</u>	<u>2,476,055</u>
220	-	-	1,772	-	7,621
98	-	-	5	-	2,085
61	-	-	18,340	-	20,168
264	-	-	-	-	49,572
3,146	210	-	1,622	5	39,325
4,788	360	-	-	-	138,606
33	7	-	-	-	6,617
205	11	2	-	-	10,718
89	-	-	-	-	959
300	2	-	-	-	13,516
68	-	-	-	-	7,361
143	5	2	-	-	19,112
434	-	-	2	-	5,841
1,021	351	2	-	41	42,358
791	11	1	-	-	33,648
181	2,367	-	2,013,803	-	2,098,638
1,700	157	-	653	-	109,952
821	102	89	2	10	46,216
<u>14,363</u>	<u>3,583</u>	<u>96</u>	<u>2,036,199</u>	<u>56</u>	<u>2,652,313</u>
14,294	1,272	254	-	729,173	1,064,694
-	-	-	-	7,225	7,225
<u>14,294</u>	<u>1,272</u>	<u>254</u>	<u>-</u>	<u>736,398</u>	<u>1,071,919</u>

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STATE OF IOWA

Schedule of Expenditures by Function and Department General Fund

(continued)

	PERSONAL SERVICES	TRAVEL & SUBSISTENCE	SUPPLIES	CONTRACTUAL SERVICES
LAW, JUSTICE & PUBLIC SAFETY				
Attorney General	\$ 14,537	\$ 239	\$ 337	\$ 3,968
Attorney General, Pros. Atty.	508	21	86	42
Consumer Advocate	2,030	42	79	308
CBC District I	8,839	112	464	684
CBC District II	6,441	152	351	813
CBC District III	3,657	82	157	363
CBC District IV	2,838	88	263	336
CBC District V	9,715	214	1,054	3,237
CBC District VI	8,523	140	487	777
CBC District VII	4,961	65	345	685
CBC District VIII	4,290	130	263	771
CBC Statewide	-	3	32	246
Corrections Central Office	2,163	48	154	6,191
Corrections Training Academy	384	24	40	33
Corrections Fort Madison	22,776	10	2,976	2,681
Corrections Anamosa	18,858	95	3,040	1,155
Corrections Oakdale	16,245	90	1,841	1,530
Corrections Newton	16,714	159	2,774	1,726
Corrections Mt. Pleasant	15,032	84	2,645	1,328
Corrections Rockwell City	5,165	44	817	730
Corrections Clarinda	12,847	93	3,240	1,807
Corrections Mitchellville	8,482	70	1,335	688
Corrections Fort Dodge	14,314	93	2,487	2,044
Corrections Capitals	-	-	-	-
Inspections & Appeals	12,858	761	377	1,553
State Public Defender	11,531	161	349	20,786
Racing Commission	2,104	46	91	936
Judicial Department	99,840	1,753	3,812	9,883
Judicial Capitals	-	3	-	3
Law Enforcement Academy	1,532	58	297	379
Parole Board	793	25	35	122
Public Defense	10,095	196	1,001	7,510
Public Defense, Emergency Management	2,252	197	151	1,058
Public Safety	52,885	3,579	2,168	5,342
Public Safety, Capitals	18	2	-	-
TOTAL LAW, JUSTICE & PUBLIC SAFETY	<u>393,227</u>	<u>8,879</u>	<u>33,548</u>	<u>79,715</u>
ECONOMIC/MANPOWER DEVELOPMENT				
Economic Development	7,922	672	1,455	10,420
Economic Development Capitals	-	-	-	-
Workforce Development	41,107	837	1,388	37,509
Public Employment Relations	825	30	35	49
TOTAL ECONOMIC/MANPOWER DEVELOPMENT	<u>49,854</u>	<u>1,539</u>	<u>2,878</u>	<u>47,978</u>
REGULATION OF BUSINESS				
Commerce	869	6	16	94
Alcoholic Beverages	683	58	79	75
Banking	4,749	374	111	305
Credit Union	739	65	17	207
Insurance	4,932	186	198	1,134
Professional Licensing	605	75	77	94
Utilities	4,740	155	87	4,886
TOTAL REGULATION OF BUSINESS	<u>17,317</u>	<u>919</u>	<u>585</u>	<u>6,795</u>
AGRICULTURE & NATURAL RESOURCES				
Agriculture & Land Stewardship	11,384	653	574	3,845
Agriculture - Loess Hills	-	-	-	-
Agriculture - Soil Conservation	7,692	101	348	11,393
Agriculture - County Fairs	-	-	-	-
Natural Resources	47,238	2,406	5,072	15,175
Natural Resources Capitals	-	1	16	1,466
TOTAL AGRICULTURE & NATURAL RESOURCES	<u>66,314</u>	<u>3,161</u>	<u>6,010</u>	<u>31,879</u>
TOTAL EXPENDITURES	<u>\$ 1,124,861</u>	<u>\$ 43,805</u>	<u>\$ 128,582</u>	<u>\$ 652,516</u>

STATE OF IOWA

EQUIPMENT & REPAIRS	CLAIMS & MISCELLANEOUS	LICENSES PERMITS & REFUNDS	STATE AID	PLANT IMPROVEMENTS	TOTAL
\$ 360	\$ 892	\$ 5	\$ 6,665	\$ -	\$ 27,003
16	-	-	-	-	673
171	-	-	-	-	2,630
186	220	-	-	39	10,544
250	-	-	-	20	8,027
169	234	-	1	7	4,670
54	89	-	-	-	3,668
372	81	-	-	873	15,546
634	47	-	-	221	10,829
138	11	-	-	12	6,217
249	65	-	-	14	5,782
-	-	-	-	-	281
1,125	3,115	-	-	9	12,805
7	-	-	-	-	488
335	389	1	-	-	29,168
314	454	-	-	-	23,916
475	182	-	-	-	20,363
606	539	-	-	-	22,518
956	401	-	-	-	20,446
198	153	-	-	160	7,267
629	451	-	-	-	19,067
1,026	136	-	-	-	11,737
1,685	283	-	-	680	21,586
-	-	-	-	11	11
1,020	10	-	124	-	16,703
534	1	348	-	-	33,710
188	-	-	-	4	3,369
6,883	13	12	1,822	-	124,018
61	-	-	-	1,028	1,095
152	-	-	-	-	2,418
66	-	-	-	-	1,041
344	151	1	-	3,089	22,387
99	16	-	26,390	-	30,163
5,684	450	-	629	-	70,737
2,519	-	-	-	83	2,622
<u>27,505</u>	<u>8,383</u>	<u>367</u>	<u>35,631</u>	<u>6,250</u>	<u>593,505</u>
378	13,434	-	56,819	-	91,100
-	-	-	1,809	-	1,809
5,173	2,560	10	1,239	-	89,823
4	-	-	-	-	943
<u>5,555</u>	<u>15,994</u>	<u>10</u>	<u>59,867</u>	<u>-</u>	<u>183,675</u>
49	-	-	-	-	1,034
105	1	-	-	-	1,001
33	-	-	-	-	5,572
18	-	-	-	-	1,046
296	3	-	-	-	6,749
28	4	-	-	-	883
173	-	-	-	-	10,041
<u>702</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,326</u>
897	54	-	732	-	18,139
-	-	-	2,000	-	2,000
1,020	28	-	1,914	-	22,496
-	-	-	-	2,828	2,828
5,534	54	94	7,785	6	83,364
123	-	-	3,343	3,529	8,478
<u>7,574</u>	<u>136</u>	<u>94</u>	<u>15,774</u>	<u>6,363</u>	<u>137,305</u>
<u>\$ 83,013</u>	<u>\$ 51,780</u>	<u>\$ 872</u>	<u>\$ 5,184,367</u>	<u>\$ 788,281</u>	<u>\$ 8,058,077</u>

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S T A T I S T I C A L

STATE OF IOWA

Revenues By Source All Governmental Fund Types

For the Last Ten Years
(Expressed in Thousands)

	1991	1992	1993	1994
Taxes	\$ 3,421,727	\$ 3,561,640	\$ 3,930,086	\$ 4,189,067
Receipts From Other				
Entities	1,426,861	1,568,305	1,639,784	1,894,680
Investment Income	72,427	50,220	38,701	56,421
Fees, Licenses & Permits	307,959	350,525	372,433	380,085
Refunds & Reimbursements	153,558	102,239	123,395	140,927
Sales, Rents & Services	6,338	7,380	7,151	7,658
Miscellaneous	<u>19,131</u>	<u>33,792</u>	<u>41,482</u>	<u>39,936</u>
GROSS REVENUES	5,408,001	5,674,101	6,153,032	6,708,774
Less Revenue Refunds	<u>276,454</u>	<u>300,187</u>	<u>344,799</u>	<u>427,842</u>
TOTAL REVENUES	<u>\$ 5,131,547</u>	<u>\$ 5,373,914</u>	<u>\$ 5,808,233</u>	<u>\$ 6,280,932</u>

Expenditures By Function All Governmental Fund Types

For the Last Ten Years
(Expressed in Thousands)

	1991	1992	1993	1994
Current:				
General Government	\$ 638,721	\$ 645,410	\$ 646,760	\$ 655,444
Education	1,546,853	1,609,339	1,693,681	1,774,344
Health & Human Services	1,541,385	1,563,059	1,663,576	1,800,487
Transportation	652,186	735,443	678,217	691,113
Law, Justice & Public Safety	300,128	317,395	333,560	421,695
Economic/Manpower				
Development	132,348	129,215	124,726	189,888
Regulation Of Business	3	18,564	17,304	18,786
Agriculture & Natural				
Resources	87,451	85,511	86,584	94,973
Capital Outlay	<u>34,339</u>	<u>43,375</u>	<u>24,331</u>	<u>15,367</u>
TOTAL EXPENDITURES	<u>\$ 4,933,414</u>	<u>\$ 5,147,311</u>	<u>\$ 5,268,739</u>	<u>\$ 5,662,097</u>

STATE OF IOWA

1995	1996	1997	1998	1999	2000
\$ 4,517,309	\$ 4,825,953	\$ 5,042,531	\$ 5,304,243	\$ 5,394,206	\$ 5,725,416
1,960,839	2,096,544	2,113,538	2,141,475	2,304,812	2,638,996
48,405	63,393	81,212	102,804	89,797	84,798
424,648	458,710	438,849	470,968	504,882	527,687
141,790	171,742	186,697	180,994	176,285	259,611
8,970	11,054	11,420	12,091	15,924	17,764
<u>44,191</u>	<u>51,404</u>	<u>55,772</u>	<u>66,223</u>	<u>78,233</u>	<u>104,369</u>
7,146,152	7,678,800	7,930,019	8,278,798	8,564,139	9,358,641
<u>370,777</u>	<u>431,673</u>	<u>454,442</u>	<u>519,292</u>	<u>568,831</u>	<u>585,580</u>
<u>\$ 6,775,375</u>	<u>\$ 7,247,127</u>	<u>\$ 7,475,577</u>	<u>\$ 7,759,506</u>	<u>\$ 7,995,308</u>	<u>\$ 8,773,061</u>

1995	1996	1997	1998	1999	2000
\$ 649,231	\$ 749,508	\$ 797,063	\$ 755,938	\$ 861,601	\$ 917,029
1,841,394	1,929,444	2,130,301	2,233,579	2,320,096	2,476,234
1,926,693	2,153,052	2,170,097	2,389,458	2,487,124	2,658,728
737,429	776,091	782,816	803,174	857,384	1,071,919
406,957	425,073	465,623	504,596	559,546	604,067
163,865	150,263	158,382	161,905	172,962	183,675
21,701	22,689	25,309	26,424	28,186	26,326
99,578	101,912	109,664	113,238	129,541	144,150
<u>28,173</u>	<u>45,360</u>	<u>72,273</u>	<u>58,068</u>	<u>31,082</u>	<u>34,499</u>
<u>\$ 5,875,021</u>	<u>\$ 6,353,392</u>	<u>\$ 6,711,528</u>	<u>\$ 7,046,380</u>	<u>\$ 7,447,522</u>	<u>\$ 8,116,627</u>

STATE OF IOWA
Public Education
For the Last Ten Years

Public School Enrollment

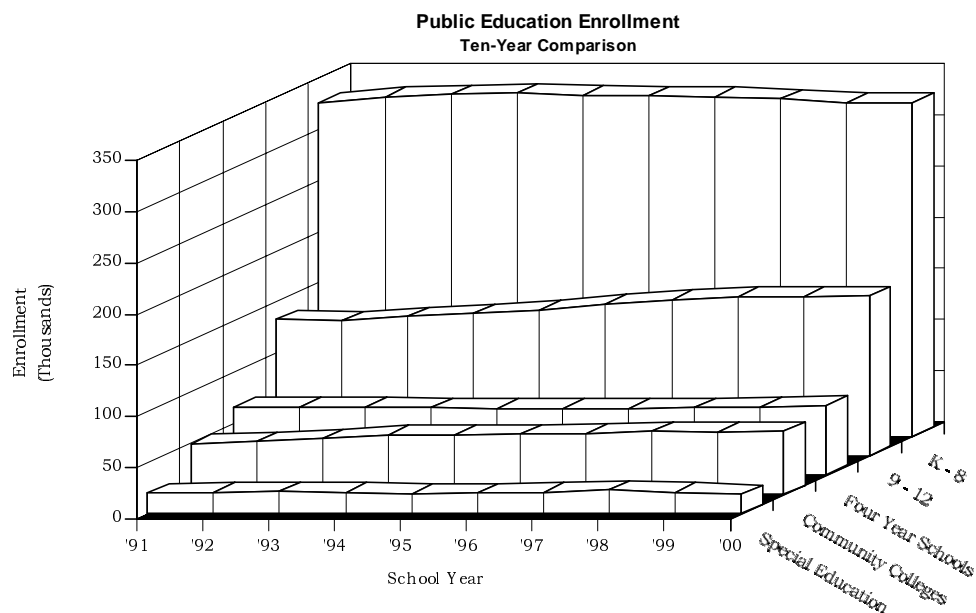
GRADES	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
K-8	331,862	334,429	335,306	333,373	332,838	331,949	330,088	326,621	326,051	324,566
9-12	131,397	135,744	138,705	142,402	147,945	152,491	154,912	155,528	155,834	155,506
Special Education	<u>20,137</u>	<u>21,278</u>	<u>21,331</u>	<u>21,234</u>	<u>19,809</u>	<u>20,065</u>	<u>20,523</u>	<u>22,981</u>	<u>20,649</u>	<u>18,484</u>
TOTAL	<u>483,396</u>	<u>491,451</u>	<u>495,342</u>	<u>497,009</u>	<u>500,592</u>	<u>504,505</u>	<u>505,523</u>	<u>505,130</u>	<u>502,534</u>	<u>498,556</u>

Public Higher Education Enrollment

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Four Year Schools	66,022	66,294	65,771	64,880	64,599	64,830	65,777	66,363	67,619	68,509
Community Colleges	<u>51,428</u>	<u>54,160</u>	<u>57,652</u>	<u>58,173</u>	<u>58,514</u>	<u>59,111</u>	<u>61,642</u>	<u>60,692</u>	<u>61,479</u>	<u>63,809</u>
TOTAL	<u>117,450</u>	<u>120,454</u>	<u>123,423</u>	<u>123,053</u>	<u>123,113</u>	<u>123,941</u>	<u>127,419</u>	<u>127,055</u>	<u>129,098</u>	<u>132,318</u>

Notes: Public School enrollment is based on a headcount taken on the third Friday of September.
Community College enrollment includes full-time and part-time students.

Sources: Iowa Department of Education.
Iowa State Board of Regents.



STATE OF IOWA

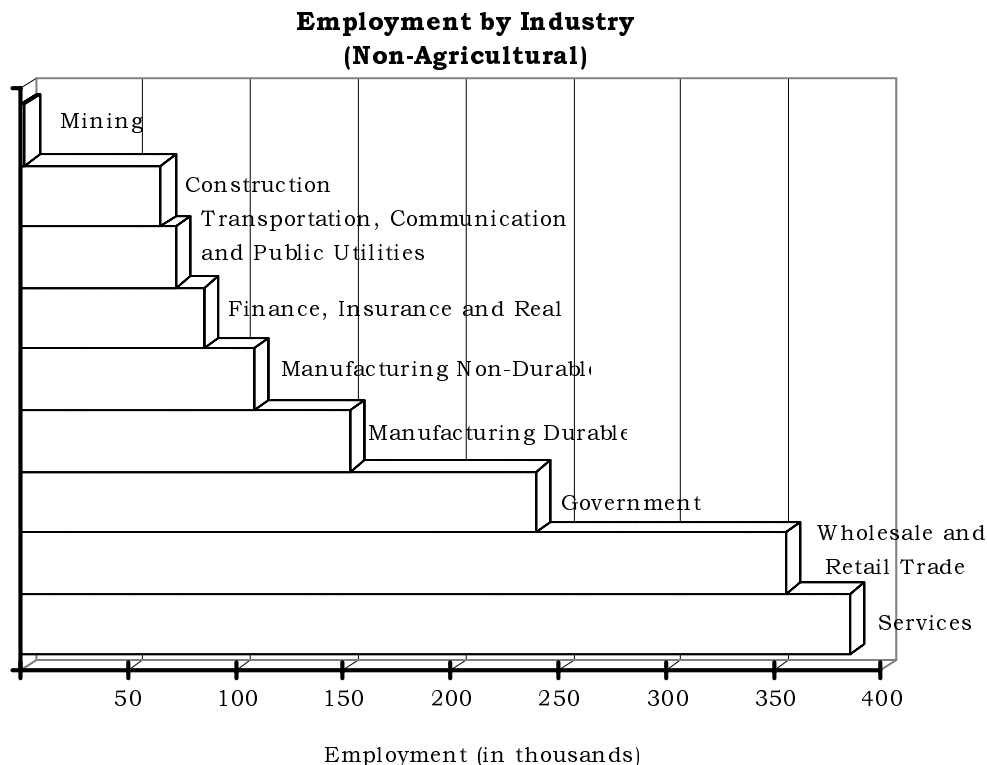
EMPLOYMENT BY INDUSTRY

For the Last Ten Years
(Expressed in Thousands)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Manufacturing Durable	131.9	128.8	126.8	130.2	136.7	141.5	141.5	148.4	154.0	153.1
Manufacturing Non-Durable	103.9	103.5	103.1	105.6	108.2	108.8	105.9	105.3	107.5	108.2
Mining	2.0	2.1	2.1	2.1	2.2	2.1	2.1	2.1	2.2	2.1
Construction	44.9	45.6	47.3	48.4	53.2	54.9	58.5	60.0	62.2	65.2
Transportation, Communication and Public Utilities	55.9	55.2	54.5	56.6	58.9	61.4	62.9	65.4	69.2	72.0
Wholesale and Retail Trade	308.0	312.4	317.5	319.9	330.5	340.5	341.1	345.3	353.9	355.9
Finance, Insurance and Real Estate	69.3	71.8	72.4	74.1	76.6	76.7	77.6	79.4	83.0	85.1
Services	288.6	296.8	306.1	317.4	326.7	341.1	359.1	365.2	378.6	385.7
Government	<u>219.6</u>	<u>220.3</u>	<u>221.6</u>	<u>222.8</u>	<u>226.2</u>	<u>230.1</u>	<u>231.6</u>	<u>234.4</u>	<u>235.7</u>	<u>239.4</u>
TOTAL NON-AGRICULTURAL WAGE AND SALARY EMPLOYEES	<u>1,224.1</u>	<u>1,236.5</u>	<u>1,251.4</u>	<u>1,277.1</u>	<u>1,319.2</u>	<u>1,357.1</u>	<u>1,380.3</u>	<u>1,405.5</u>	<u>1,446.3</u>	<u>1,466.7</u>

Note: An employed individual is counted in the area where he/she works regardless of the area where he/she lives.

Source: Iowa Workforce Development, Labor Market Information Unit, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.



STATE OF IOWA
TEN LARGEST NONGOVERNMENTAL EMPLOYERS

RANK	EMPLOYER	TYPE OF BUSINESS
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturer
4	Rockwell International	Machinery Manufacturer
5	Principal Financial Group	Insurance Carrier
6	Iowa Beef Processors, Inc.	Meat Packer
7	APAC Teleservices, Inc.	Business Services
8	Pella Corporation	Window Products
9	Central Iowa Health Systems	Hospital/Des Moines
10	Fareway Stores, Inc.	Retail Food

Note: Based on 1999 calendar year annual average employment.

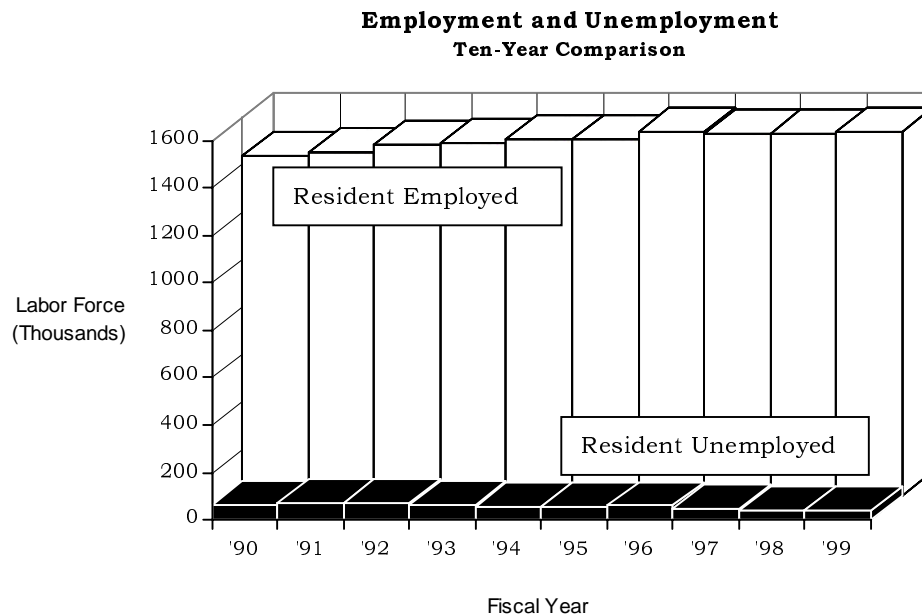
Source: Iowa Workforce Development.

STATE OF IOWA
LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT
Annual Averages

For the Last Ten Years
(Expressed in Thousands)

	RESIDENT CIVILIAN LABOR FORCE	RESIDENT EMPLOYMENT	RESIDENT UNEMPLOYED	PERCENT UNEMPLOYED
1990	1,496.0	1,433.0	63.0	4.2
1991	1,517.0	1,447.0	70.0	4.6
1992	1,551.0	1,479.0	72.0	4.6
1993	1,550.0	1,488.0	62.0	4.0
1994	1,565.0	1,508.0	58.0	3.7
1995	1,558.8	1,504.4	54.4	3.5
1996	1,599.0	1,539.0	60.0	3.8
1997	1,577.2	1,525.8	51.4	3.3
1998	1,569.8	1,526.3	43.5	2.8
1999	1,574.2	1,534.1	40.1	2.5

Source: Iowa Workforce Development, Labor Market Information Unit in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.



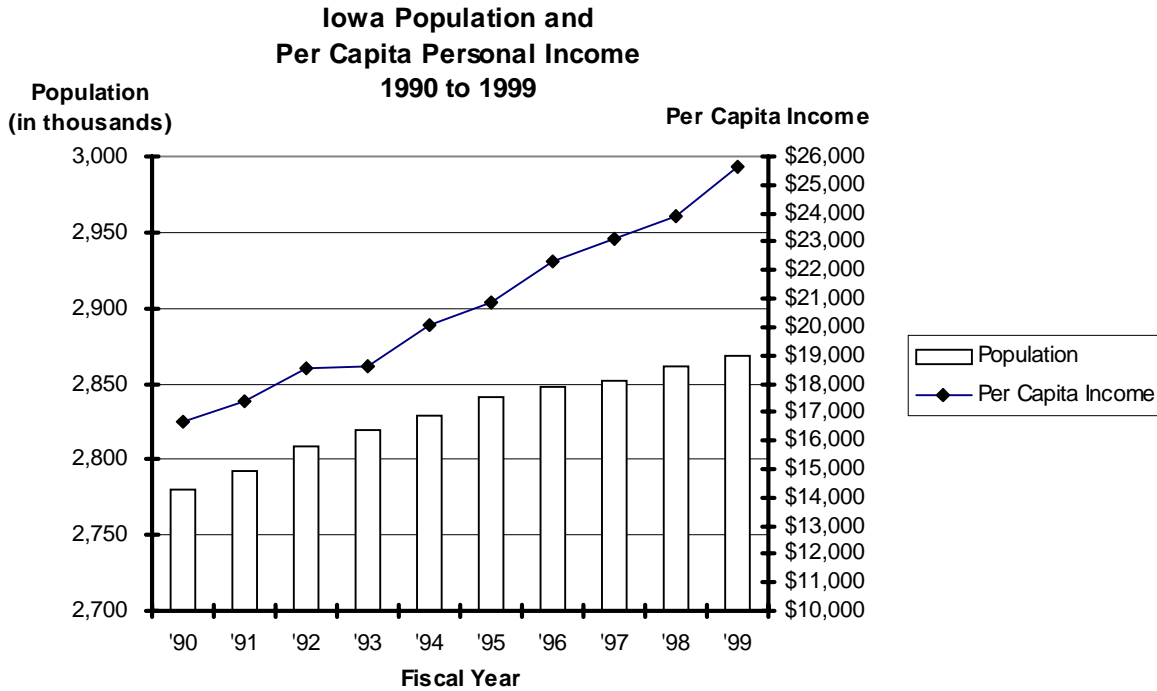
STATE OF IOWA

POPULATION, TOTAL PERSONAL INCOME, AND PER CAPITA PERSONAL INCOME

For the Last Ten Years

	POPULATION (Expressed in Thousands)	TOTAL PERSONAL INCOME (Expressed in Millions)	PER CAPITA PERSONAL INCOME (Expressed in Dollars)
1990	2,780	\$ 46,375	\$ 16,683
1991	2,792	48,537	17,387
1992	2,808	51,973	18,508
1993	2,820	52,431	18,592
1994	2,829	56,802	20,077
1995	2,841	59,158	20,826
1996	2,848	63,597	22,330
1997	2,852	65,896	23,102
1998	2,862	68,473	23,925
1999	2,869	73,500	25,615

Source: U.S. Department of Commerce, Bureau of Economic Analysis



STATE OF IOWA

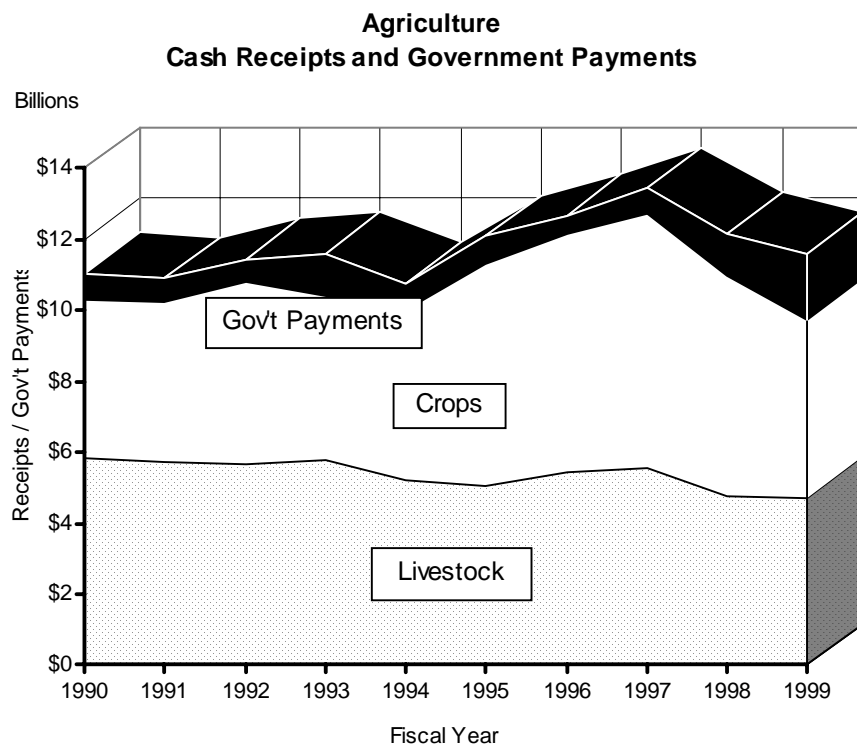
AGRICULTURE

Cash Receipts and Government Payments

For the Last Ten Years
(Expressed in Millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Cattle	\$ 2,065.5	\$ 2,057.4	\$ 2,144.7	\$ 2,160.9	\$ 1,856.5	\$ 1,717.6	\$ 1,461.1	\$ 1,652.3	\$ 1,415.1	\$ 1,640.2
Hogs	2,989.0	2,916.5	2,732.2	2,820.0	2,571.6	2,480.2	3,004.0	2,957.2	2,413.7	2,204.7
Dairy Products	549.3	482.7	507.6	506.1	498.6	501.5	540.0	527.2	584.6	500.5
Other Livestock	258.7	263.8	260.7	294.2	304.2	323.0	445.6	393.0	364.2	366.9
TOTAL LIVESTOCK	5,862.5	5,720.4	5,645.2	5,781.2	5,230.9	5,022.3	5,450.7	5,529.7	4,777.6	4,712.3
Corn	2,422.9	2,521.0	2,913.2	2,643.8	2,509.5	3,649.4	3,874.7	3,722.3	3,167.8	2,703.6
Soybeans	1,788.5	1,824.8	2,026.9	1,784.6	2,055.4	2,425.0	2,603.4	3,229.3	2,837.3	2,096.6
Other Crops	205.1	183.4	200.2	177.3	208.5	202.0	219.7	241.3	211.5	204.0
TOTAL CROPS	4,416.5	4,529.2	5,140.3	4,605.7	4,773.4	6,276.4	6,697.8	7,192.9	6,216.6	5,004.2
Total Cash Receipts from Crops and Livestock	10,279.0	10,249.6	10,785.5	10,386.9	10,004.3	11,298.7	12,148.5	12,722.6	10,994.2	9,716.5
Government Payments	753.7	645.0	662.3	1,229.5	732.4	784.7	501.7	709.7	1,146.0	1,875.5
Total Cash Receipts and Government Payments	\$ 11,032.7	\$ 10,894.6	\$ 11,447.8	\$ 11,616.4	\$ 10,736.7	\$ 12,083.4	\$ 12,650.2	\$ 13,432.3	\$ 12,140.2	\$ 11,592.0

Source: U.S. Department of Agriculture, Economic Research Service.



STATE OF IOWA
REVENUE BOND COVERAGE

For the Last Ten Years
(Expressed in Thousands)

IOWA FINANCE AUTHORITY

FISCAL YEAR ENDED JUNE 30	GROSS REVENUES	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1991	\$ 82,574.1	\$556.0	\$ 82,018.1	\$ 33,770.0	\$ 38,976.3	\$ 72,746.3	1.13
1992	105,130.5	626.6	104,503.9	42,115.0	39,489.6	81,604.6	1.28
1993	117,365.2	825.6	116,539.6	76,705.0	38,896.3	115,601.3	1.01
1994	111,330.9	816.6	110,514.3	70,574.8	32,987.7	103,562.5	1.07
1995	130,224.7	748.6	129,476.1	109,678.7	30,858.8	140,537.5	.92
1996	83,308.4	735.0	82,573.4	34,387.4	30,191.1	64,578.5	1.28
1997	125,170.3	745.2	124,425.1	92,274.5	29,480.6	121,755.1	1.02
1998	121,084.1	753.7	120,330.4	75,587.0	30,348.2	105,935.2	1.14
1999	99,952.2	1,044.7	98,907.5	49,668.1	29,039.1	78,707.2	1.26
2000	78,131.0	1,784.3	76,346.7	47,982.6	28,623.4	76,606.0	1.00

IOWA HIGHER EDUCATION LOAN AUTHORITY

FISCAL YEAR ENDED JUNE 30	GROSS REVENUES	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1991	\$ 4,675.6	\$128.7	\$ 4,546.9	\$ -	\$ 4,537.1	\$ 4,537.1	1.00
1992	3,826.3	83.1	3,743.2	-	3,520.6	3,520.6	1.06
1993	3,531.9	128.5	3,403.4	-	3,233.3	3,233.3	1.05
1994	3,672.1	135.7	3,536.4	2,065.0	3,274.4	5,339.4	.66
1995	3,752.3	132.8	3,619.5	2,590.0	3,569.7	6,159.7	.59
1996	3,579.3	146.0	3,433.3	2,605.0	3,333.5	5,938.5	.58
1997	3,391.0	169.7	3,221.3	2,270.0	3,416.4	5,686.4	.57
1998	2,859.3	128.3	2,731.0	1,715.0	2,614.8	4,329.8	.63
1999	2,680.0	114.4	2,565.6	2,010.0	2,406.0	4,416.0	.59
2000	2,504.2	126.9	2,377.3	1,985.0	2,246.2	4,231.2	.56

Notes: Gross Revenue and Principal amounts for the Iowa Finance Authority include unexpended bond proceeds used to redeem bonds. Loan principal received in one year is often used to pay bond principal in the following year.

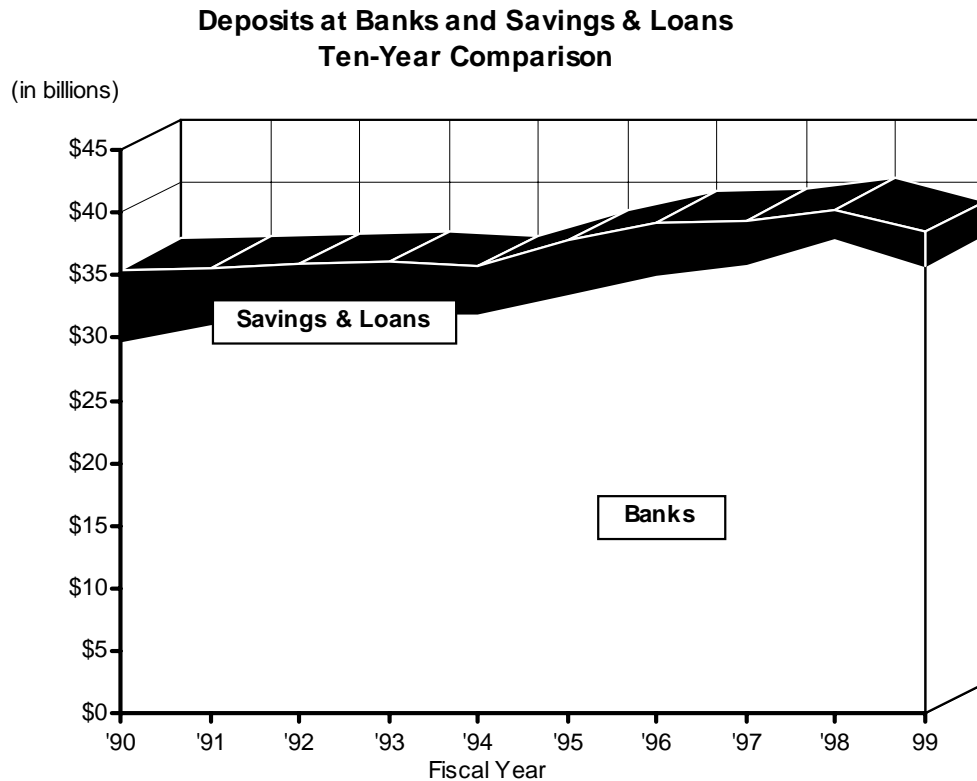
STATE OF IOWA

BANK and SAVINGS & LOAN DEPOSITS

For the Last Ten Years
(Expressed in Millions)

	BANKS		SAVINGS & LOANS		TOTAL
	NUMBER	DEPOSITS	NUMBER	DEPOSITS	DEPOSITS
1990	565	\$29,686.0	38	\$5,736.4	\$35,422.4
1991	561	\$31,054.8	34	\$4,532.7	\$35,587.5
1992	542	\$31,665.0	31	\$4,166.7	\$35,831.7
1993	530	\$31,996.0	32	\$4,008.3	\$36,004.3
1994	517	\$31,930.0	32	\$3,794.0	\$35,724.0
1995	491	\$33,533.0	32	\$4,258.5	\$37,791.5
1996	468	\$35,033.0	30	\$4,172.1	\$39,205.1
1997	453	\$35,951.0	25	\$3,434.5	\$39,385.5
1998	443	\$37,961.0	23	\$2,286.0	\$40,247.0
1999	439	\$35,820.0	24	\$2,637.0	\$38,457.0

Sources: Federal Home Loan Bank.
Federal Deposit Insurance Corporation.
Iowa Department of Commerce, Banking Division.



A C K N O W L E D G E M E N T S

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